

General Harbord (page 6) — Darwin P. Kingsley (page 12)

Vol. XXXI, No. 2.

February, 1929

CREDIT

MONTHLY

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The Patience of Lincoln

Page 5

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*From H. C. Wilbur’s address at
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CREDIT

MONTHLY

THE NATIONAL MAGAZINE OF BUSINESS FUNDAMENTALS

(Member, Audit Bureau of Circulations)

Editorial and Executive Offices, One Park Avenue, New York

RODMAN GILDER, Editor

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MONTHLY
Feb., 1929

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Vol.
XXXI
No. 2

STOCK RECORD

No.	ARTICLE OR DESCRIPTION	On Hand	Ordered	On Hand	Ordered	On Hand	Ordered	On Hand	Ordered
3 3/4	Blow-Bright	10		6		4		2 1/4	
4 1/4		7		2 1/4		4		1 1/2	
4 1/2		6 1/2		2 1/4		4		1 1/2	
4 3/4		4 1/4		1 1/2		6		1 1/2	

STOCK LEDGER

ARTICLE Store A Card Bristol CATALOGUE ARTICLE NO. 6015

DATE	QUANTITY	AMOUNT	UNIT	DISBURSED	RECEIVED	QUANTITY	AMOUNT	UNIT	DISBURSED
Jan 2	1								

MINIMUM QUANTITY 2000 STOCK NO. 81796
ORDER UNIT 5000 Letter Head: See Book

RECEIVED	DELIVERED	RECEIVED	DELIVERED	RECEIVED	DELIVERED	RECEIVED	DELIVERED	RECEIVED	DELIVERED
DATE	QUANTITY	DATE	QUANTITY	DATE	QUANTITY	DATE	QUANTITY	DATE	QUANTITY

ARTICLE Machine Screws #1577 SIZE 3/16 x 1" UNIT Geo.

DATE	RECEIVED	DELIVERED	ORDER NO.	ON HAND	FLAG LIMIT	MAX. LIMIT	MIN. LIMIT
Jan 1	49						
5							
8							
12							
13	100						
15							

SHEET NO. _____ ARTICLE _____
DELIVERY TIME _____ CODE _____
USED ON _____

MONTHLY RECORD OF SALES

YEAR	JAN.	FEB.	MAR.	APR.	MAY	JUNE	JULY	AUG.	SEPT.	OCT.	NOV.	DEC.	TOTAL
18													
19													
20													

MONTHLY RECORD OF STOCK ON HAND AND ORDERS

STOCK	ON HAND	ON ORDER	DISBURSED
1			
2			

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The Patience of Lincoln

WHEN a credit executive—after painstaking study of facts and figures, after months of effort to persuade a debtor to do what is best for all concerned, after long forbearance in the face of human weakness and folly—feels his patience oozing away, let him give thought to Lincoln.

At the end of a day of frontier toil, the boy Lincoln reads by firelight one of the handful of books, from which he is slowly digging out an education.

The young man patiently studies law with few to encourage and aid him.

The country store proprietor, A. Lincoln, pays through years of thrift, the debts incurred by others who have faded out of the picture.

Lincoln, the lawyer, gains a reputation for the careful preparation and pleading of every case—and incidentally for his low fees. (He once charged \$3.50 for collecting an account of nearly \$600.)

As an aspirant for office he is often disappointed.

From the moment of election in 1860, the President endures the wearisome yapping of office-seekers, all supposedly his friends, and avalanches of editorial abuse and (sometimes more trying) advice.

He suffers bitter criticism from the conservatives in his party for appointing Chase his Secretary of the Treasury and equally bitter criticism from the radicals for making Seward his Secretary of State.

With infinite tact he utilizes for the Nation the great abilities of the two discordant men.

He shows unbelievable magnanimity when on April Fool's Day, 1861, Seward, (of whom it is said that he is useless without a master,) in office less than a month, sends him a memorandum (a) declaring that the country evi-



dently has no policy, (b) offering one that involves declaring war on England, France and several other countries, and (c) offering to take charge of carrying out the policy as outlined. His written reply to Seward is one of the reasons why Seward writes, nine short weeks later, to Mrs. Seward, "Executive force and vigor are rare qualities. The President is the best of us."

Convinced of the efficiency of his Secretary of War, he puts up with the exasperating Stanton.

Although General Hooker has babbled of the need of a

dictator, Lincoln gives him the command of the Army of the Potomac, and writes, "Only those generals who gain successes can set up as dictators. What I now ask of you is military success, and I will risk the dictatorship."

Later, when he is told that Grant wants to be President in 1865, he says, "If he takes Richmond, let him have the Presidency."

He helps to establish our great national banking system devised by Chase, [Wyeth's painting in the Federal Reserve Bank, Boston, showing the two men conferring on this subject is the cover design of this issue of the *CREDIT MONTHLY*,] and, fully appreciating what the Nation owes to Chase, holds him to his task, though aware that Chase as early as 1863 is carrying on a voluminous private correspondence in the interest of his own nomination to succeed Lincoln.

Once, when Chase's intrigues are called to his attention, Lincoln says that in some ways Chase would make a very good President and that he hopes the country will never have a worse President than Chase.

And then, in December, 1864, after his second election, he appoints Chase, who has always obviously despised him, Chief Justice of the Supreme Court of the United States.

"Lincoln's patience," says Nicolay, "was inexhaustible."

R. G.



The Radio Liaison—

What It Means to Business

An interview by Chester H. McCall with

James G. Harbord

President
Radio Corporation of America

“OFFICERS under fire are oblivious to the passing of time and forget the importance of reports. Reports come in without the hour on them, and are worthless for you do not know when the conditions reported existed. Certainly it is no exaggeration to say that the *liaison* is of the very highest importance. *Liaison* generally speaking consists in keeping *everybody* informed of *everything* he ought to know.”

The commander of the 4th or Marine Brigade of the Second Division wrote that pertinent observation in his war diary under date of “Belleau de Bois, June 23, 1918,” during a lull after the fighting at Belleau Wood, where the Yankees met the Germans for the first time in the shock of open warfare.

General James G. Harbord, the brigade commander who considered the *liaison*—which consists in “keeping everybody informed of everything he ought to know”—of the very highest importance, is today the president of a great radio corporation whose prime purpose is to provide the most adequate facilities for the transmission and reception of communications which give the information essential to the conduct and expansion of business.

The proportions of this new institution of radio, which first loomed against the American business horizon in 1919, have increased in magnitude and expanded in ramifications until its influences are felt in almost every business enterprise. The time has come when the executive who

isn't keenly alive to the potentialities of radio and what it may mean to his business today or tomorrow is a back number.

What has radio done for business? What is it doing for business? What may business expect from radio in the future? What should the business man know about radio communications that will enable him to take advantage of its services when the time is opportune for the use of these services in his business?

These are some of the questions uppermost in the minds of business men as they come in contact with radio service and learn of its practicability in helping them keep pace with the modern business tempo.

Plutarch, the prince of ancient biographers, said that if you want to understand an institution understand the men behind it.

The Man

General Harbord brought to the Radio Corporation of America an administrative and executive contribution that parallels radio's contribution to business. An understanding of General Harbord's career and policies will give anyone a better interpretation of radio and what it is doing for business, for in the principles and ideals of the man we find a reflection of the institution.

It would take a full biography to give a word-portrait of General Harbord that would delineate with nice perception the finer and less obvious parts of his character. The best that can be hoped for in a few paragraphs is a snapshot that will give a perspective of the man and his place in the contemporary business picture.

Harbord enlisted in the army as a private, and during the plastic years of early manhood he dressed like thousands of other soldiers, drilled in masses, was governed by rigid discipline and conformed to the standard regulations. Yet, contrary to the usual conception of army training he was not stamped in a mold which crushes originality and initiative.

When the United States entered the war Harbord, then a major—a rank not high for his years—went to France as Pershing's Chief of Staff. In the first harassing eight months of the A. E. F.'s baptism he was Pershing's right hand man.

From chief of staff he went to line duty and a brigade command through the hell of the Belleau Wood offensive. After Belleau Wood he was made a major-general commanding the Second Division in the drive of July which turned the tide against Germany in what one historian has called “as fierce a six weeks of fighting as any division has had in American history.”

Whenever Pershing had a hard job to do he called on Harbord. When problems and entanglements threatened the efficiency of the Services of Supply, General Harbord had to give

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up a walloping, smashing, go-getting fighting division just when our army was ready to begin large-scale scraping and, against every inclination of a fighter, assume command of the S. O. S.—the army behind the army.

Brain Cells, Exercised

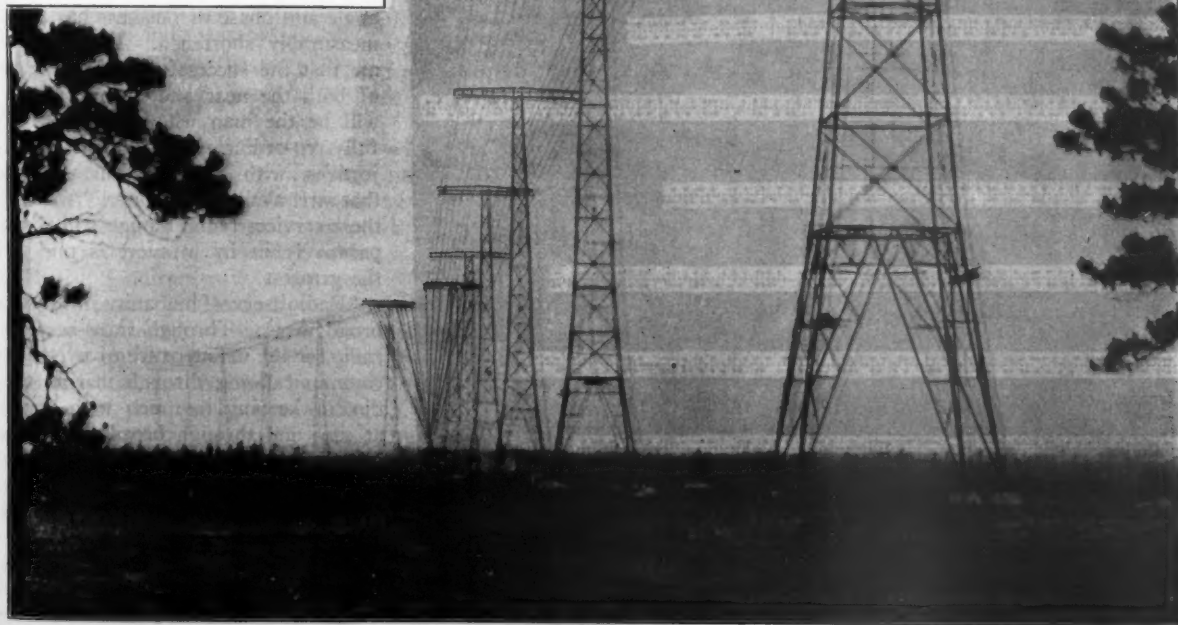
The command of base ports, the immense system of warehouses, the great machine and repair shops, the debarkation of soldiers and cargo, the construction, maintenance and co-ordination of the camps with the general military scheme, represented a responsibility second only to that of the commander-in-chief.

An authoritative observer has said, "Without a few such men as Harbord, who had a large supply of brain cells, which they had kept sufficiently exercised in time of peace to be ready for business in war, Pershing could never have mastered his problems."

General Harbord has brought to radio the attitude, background and ability needed to formulate guiding principles and shape basic policies in directing the phenomenal growth of this new industry.

Scientific business management resulted largely from army arsenal methods and the first card system of shop-returns was devised at Frankfort Arsenal. The common denominator of his success and the cardinal principle of General Harbord's career is *service*. He has brought these methods into business and influenced

*Radio Central Transmitting Antennae,
Rocky Point, Long Island, New York.*



their weaving into the warp and woof of the fabric of radio service.

General Harbord's contribution to radio is in this way parallel to radio's contribution to business: *Scientific business management through service*—a *liaison* which permits everybody requiring and using the available services to keep informed of everything he ought to know.

The Corporation's G.H.Q.

As we stepped out of the elevator on the eighteenth floor of the Woolworth Building where General Harbord's office is located, the Radio Corporation official with me indicated an etching on the wall a few feet from the elevators. It was of Uncle Joe Cannon, dynamic Speaker of the House of Representatives from the Fifty-Eighth to Sixty-First Congresses inclusive. This etching, presented to General Harbord by the former Speaker, is in such a position that its metallic face is turned as if watching the doors through which one must pass to enter the General's office.

The walls of his office are covered with autographed portraits of great military and business leaders and statesmen of international reputation. Several paintings depict incidents symbolizing the early stages of radio progress. French paintings and photographs bring to mind the stirring days of the great war or the picturesque beauty of the old world.

Out of this array three pictures

stood out with particular significance. I cannot remember the scene on one brightly colored portrayal because three caption words shot out at me with such emphasis, *BERLIN OR BUST*. I felt my teeth grit as I read the words just as I felt them set with determination as I looked at General Harbord's square, strong jaws.

At the bottom of a portrait were the words: *To Major-General J. G. Harbord—expert soldier, great executive and constant friend*. Could any man possess a greater triumvirate of qualifications?

But what impressed me the most was a written inscription at the bottom of a picture of an officer astride a spirited horse: *To General J. G. Harbord—one of the best friends to man's noblest friend*. The General has always been a great lover of horses, man's noblest friends, and has owned several of the best cavalry mounts in this country. Each day when in New York City, he rides his favorite horse through Central Park.

As he arose from his desk to shake hands with me, a score of his sixty-two years seemed to fall away from his broad, deep military shoulders in deference to his firm and youthful movements. He has smiled so much in his life that even when his face is perfectly sober you are likely to think he is smiling, so grooved in his ruddy countenance are the smile lines. He looks as fit for the business firing line as he probably ever looked for

the military firing line and both demand about the same degree of fitness.

When I told him the information I wanted to get for the *CREDIT MONTHLY* he invited me to sit down and be comfortable "while I do the best I can to give you some worthwhile data about radio."

The Needs of Business

"What do you consider the essence of radio service and in what ways is this gigantic new power being harnessed to meet the increasing needs of the business man?" was my first question.

"The essence of radio might be characterized as the instrumentality for the elimination of elements of separation in time, distance and expenditure of energy; between cause and effect; between raw materials and the finished product; and between an idea and its ultimate development. Through the radio, executive control can be directed instantly to the far flung sources of raw materials; a business idea can be conceived and immediately put into effective operation half way around the world. When we realize that reliable communication range has been more than doubled, we get an inkling of how the tremendous power of radio is being harnessed to meet the increasing needs of business.

"Civilization has advanced in about the same ratio that communications have advanced. Business progress of the past few years has been based upon the fact that the time between *conception* and *completion* in every angle and phase of business has been measurably shortened. It seems to me that the successful business man of both the near and distant future will be the man who most successfully co-ordinates his business objectives with the modern services that are available to him. And of these services radio, though still comparatively in its infancy, is one of the greatest.

"Radio serves humanity in three broad ways: Through trans-oceanic radio, or the maintenance of overseas communications; through marine radio, or keeping in touch with ships at sea; and through broadcasting or *mass communication* which concentrates the homes of the land into a compact audience for the enjoyment of entertainment and dissemination of important information and for education.

"The four cardinal points of radio

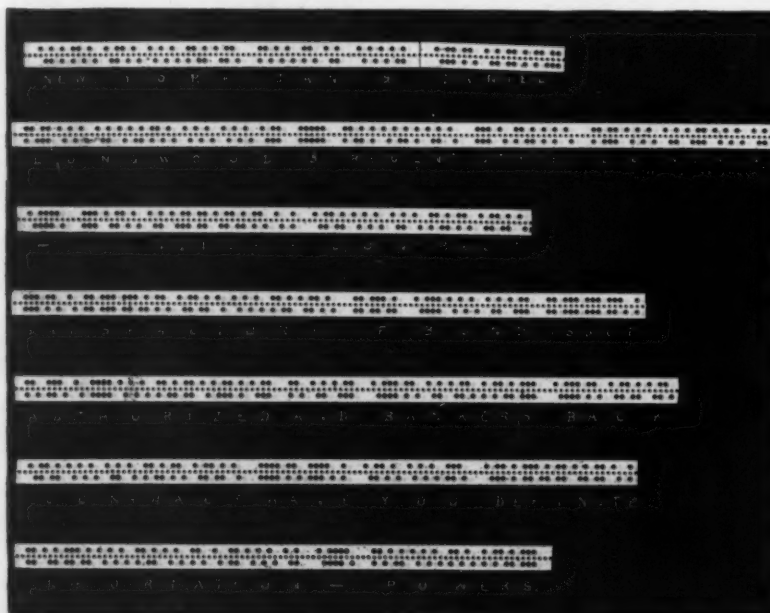


FIG. 1.—The urgent message to London. (See next page.)

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communication are, *directness, speed, economy and accuracy.* In the matter of directness, radio waves, transmitted into the air find their own shortest path between transmitter and receiver, meet no topographical obstruction, nor any interference or meddling by others as might be experienced with cable and wire communication. Speed is assured by the nature of the medium through which it travels, that is, through space and by centralized operation. Instead of a loose collection of scattered and independently operated transmitting stations, trans-oceanic facilities are installed at favorable points, but their control is concentrated in central traffic offices located in New York City and San Francisco. Radio services can be utilized at a surprisingly low cost. So advantageous and profitable are the results of expeditious communications that radio services can be continually used to bring economy into business operations."

General Harbord suggested that the best method of bringing out the superb accuracy of radio telegraphy would be to give a description of the great Radio Central system of transmission and reception at 66 Broad Street, New York.

"In describing the technique of sending and receiving radio messages, suppose we take an actual business problem to show what routine an important radiogram would go through and how every step of this routine is designed to expedite the business message," he said. He used for illustration this business situation in which an actual need of radio communication is indispensable to the successful solution of the problem:

A Typical Case

It is 9:30 A. M. and the President of a corporation, conferring with the Treasurer says, "Barnes, I have called you in this morning relative to that proposed contract with the British Syndicate. I have a memorandum from the Production Department informing me that the shipment date can be met provided we get under way today. We will have to close on our purchase option for the steel by noon today to show a satisfactory profit. The terms of payment look O. K., but I am not quite satisfied that we should close for such a large production order without better information on one or two points in the financial set-up of the Syndicate and definite word that the Syn-

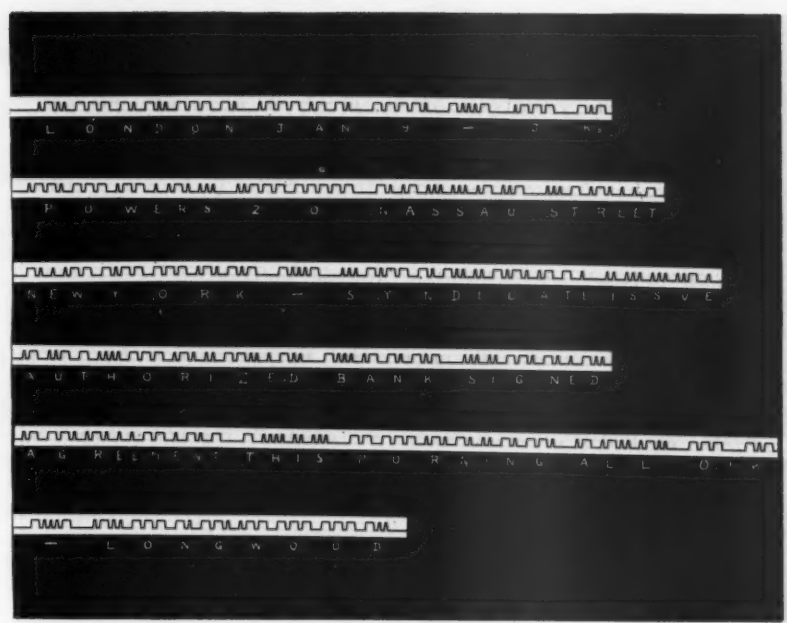


FIG. 2.—The reply that made the deal possible. (See next page.)

dicate's bankers will back the contract.

"Longwood is the only man in London that is familiar enough with the Syndicate to give us this information, but we would have to get in touch with him at once. We can't close the contract without this information and if we don't take advantage of the purchase option by noon I think the deal should be called off."

"Mr. Powers," the Treasurer says, "I think I can get what we want by radio. It's our only chance to put this deal across."

"We'll have to have the information before noon, and it sounds a little speedy to clear with London that soon, but it's worth trying. So go to it," the President says.

General Harbord described what we would see if he were conducting me through the Radio Central room at 66 Broad Street, New York. When Barnes, the Treasurer, arrives at the radio business office, he presents his plan to the Office Manager who assures him that his problem can be handled within the specified time limits.

The Office Manager hands Barnes a red-topped radio blank and asks him to write his message. While Barnes writes the message in long-hand the Office Manager gives this counsel, "Since you have never used our service before I am pleased with an opportunity of serving you when the time element is so important. It will show you how you can rely on

radio messages for the greatest available speed and accuracy."

After Barnes has drafted his message it is typed on the standard radiogram blank, and when it is ready for transmission reads like this:

Daniel Longwood
5 Regent Street, London
Syndicate Contract Satisfactory if
Bond Issue Authorized and Bankers
Back Contract. Have You
Definite Information.

Powers.

"Suppose," said General Harbord, after telling me about the preliminary procedure, "that we follow this message on its way through each step of radio transmission and reception."

He then explained how the typed message goes to the receiving desk where a clerk scrutinizes the address to make certain that it is sufficient for delivery. He also counts the words and stamps the time on the message, which is then inserted in a pneumatic tube and shot upstairs to the operating room.

If General Harbord were taking the reader and myself through the operating room, as he pictured it to me, we would follow the message there from the business office on the first floor and find ourselves in a room of intense and orderly activity that is the heart of the world's greatest radio system. From here one can get in direct contact with more different parts of the world than from any other spot on the face of the earth.

The messages are sorted by a clerk

according to the speed and class of service desired, and arranged according to the country of their destination. The traffic chief, whose duty it is to distribute these messages to the proper operators, places the London message in front of the transmitting operator working the London circuit.

The operator is an expert typist and as he reads the message his hands fly over the typewriter keys of the machine before him. Through this machine runs a continuous ribbon of oiled paper tape, half an inch wide. Each time the operator depresses a key on the typewriter, a perforating device punches a different combination of perforations into the moving tape. These are dots and dashes of the Continental telegraphic code used in all international telegraphy. (A reproduction of the perforated message, with a translation of the perforated dots and dashes, is illustrated in Fig. 1, page 5.

The tape passing from the perforating machine travels on a few inches until it reaches another machine, known as the Wheatstone relay. As the tape rushes through it at high speed, the perforations permit electrical contacts to be made as they pass over the contact points. This transforms them into short and long electrical impulses which are the dots and dashes. The Wheatstone relay is connected by wire with the distant transmitting station at Rocky Point, Long Island, where these dots and dashes are flung into the air from the transmitter antennae.

About one-fiftieth of a second from the time this message leaves New York it is in London. Radio waves travel at the speed of light, 186,000 miles per second.

While we are waiting for an answer to this message we could watch other operators transmitting messages direct to Belgium, Germany, Holland, Italy, Norway, Sweden, Poland, Austria, Portugal, Spain, Argentina, Brazil, Dutch Guiana and many other far-away points. Any one can readily understand what a tremendous advantage this world-wide radio availability is to the business man. No matter how distant his markets, his orders and decisions can now be transmitted at, figuratively, the speed of 186,000 miles per second.

Let us pass to the section of the room where radiograms are received

to see how the return message comes in from London. The receiving equipment seems very simple. The electric impulses from the incoming message act upon a siphon ink recorder or pointer which marks a continuous line of broad and narrow peaks and valleys on white paper tape. The peaks of the wavy line indicate spaces. The tape, after passing by the pen point, moves forward and is guided along the top of the typewriter of the receiving operator. This wavy record of the dots and dashes is as intelligible to the operator as printed words and as the tape flows in front of him he translates the message and types it on a radiogram blank.

That is the way the message from Longwood, in London is received. Longwood has been able to secure the desired information and his radiogram reads:

J. K. Powers
20 Nassau Street, New York
Syndicate Issue Authorized Bank
Signed Agreement this Morning.
All O. K.

Longwood

The illustration clearly shows how the wavy line impressions are recorded on the receiving tape, Fig. 2, page 9.

"This transaction we have followed step by step is completed within an hour and a half," General Harbord said. "The radiogram is typed and shot from the operating room in a pneumatic tube where a messenger takes it for immediate delivery. Powers is enabled to close the contract and take advantage of the favorable purchase option. This is an example of the way business men are utilizing our radio service and how indispensable such service is to efficient executive administration."

Business Uses

"Will you tell me about some of the actual cases in which radio services have been utilized with great profit and advantage by business?" was my next question.

"Yes, I can do that," General Harbord affirmed, "and as an introduction I might catalog the principal uses of radio under the broad classifications of international communications, or the maintaining of transoceanic radiograms and facsimile services; marine communications or keeping in touch with ships at sea; and broadcasting or mass communication. Radio principles are of course being applied to the phonograph and

the motion pictures. For instance, in the case of motion pictures it is giving us talking pictures and sound effects. There are innumerable applications and uses of radio, but the chief interest of the business man at the present time is naturally in communication and facsimile services.

"Recently the S. S. *Carinthia*, on a world cruise, maintained daily touch with our Chatham, Massachusetts, station throughout her entire trip. This illustrates what can be expected in ship communication services.

Radio Credit Interchange

"Dot and dash telegraphy, efficient and fast as it is, is a slow art compared with the future of facsimile telegraphy because it must be translated when sent, and again when received. Facsimile telegraphy, on the other hand, will send and receive the message in identically the same form that it is given to the operator. Actually, however, the facsimile or photoradiogram system, makes use of dots and dashes but only as a means of weaving a pattern at the receiving end. Facsimile is certain to become one of the most important functions radio can offer to the business man through the *facsimile transmission of business documents, signatures and pictures*.

"The commercial and legal potentialities of radio facsimile signature have been proved time after time. Checks drawn on overseas banks have been honored when presented in photoradiogram form a few hours later. The time may be coming when radio traffic will be conducted almost entirely through facsimile.

"Recently an important signature was required to complete a million dollar transaction. It was sent by photoradiogram and accepted at the receiving end, saving at least five days of valuable time.

"While in London some time ago I drew a check on a New York bank, and had it photoradiographed across the Atlantic where it was honored for payment a few hours later.

"Although communication of this nature is developed to a serviceable extent only for international use, the adaptation of radio to domestic traffic will evolve as soon as the need becomes urgent enough. In the credit field the interchange by radio of ledger experience and valuable credit information can now be carried on with foreign countries. Credit in-

(Continued on page 28)

Trust Company as Receiver

Result of New York Bankruptcy Investigation

A Statement by Frank D. Rock

President of the National Association of Credit Men

THE investigation of bankruptcy practices in New York City, being conducted by United States Attorney Charles H. Tuttle and his staff, has resulted in the appointment of a New York trust company as official receiver in all bankruptcy cases in the Southern District of New York.

The appointment of the official receiver, the Irving Trust Company, was made January 17 by Judge John C. Knox following the disappearance of David Steinhardt, bankruptcy attorney, who fled from an indictment charging him with mishandling bankruptcy assets.

The investigation has brought about the return of Federal Grand Jury indictments against three others, two of whom are attorneys, and the third, Max Pinner, a Federal Court clerk, who tried to kill himself when he was asked to explain why he was paid \$100,000 in checks said to have been drawn to his order by Steinhardt.

Developments in the investigation have been watched keenly by credit executives throughout the country, who are particularly interested in the appointment of the trust company as official receiver in the New York City district. In a statement made by Frank D. Rock of Denver, president of the National Association of Credit men, commenting on the appointment, he said:

"I am not personally acquainted with the situation in the Southern District of New York with respect to the administration of the Bankruptcy Law.

"However, I have always felt that inasmuch as the Bankruptcy Law contemplates that the creditors whose money is at stake in the proceedings are, by the express provision of the law, given control of the administration, their wishes should be taken into consideration in the selection of a receiver.

"In the large centers, such as New York, it is essential in most cases that the assets of the bankrupt shall be

sold as soon as possible in order to prevent the accumulation of excessive claims for rent.

"I doubt exceedingly whether a trust company is as well qualified to dispose of assets of the bankrupt estate to the best advantage as are business men who are engaged in the line in which the bankruptcy has occurred.

"While the designation of the bank as receiver will unquestionably result in administration vastly better than that obtained under the patronage system of appointing receivers which I understand has been the rule in New York heretofore, and which to my mind is directly responsible for

(Continued on page 34)

To All Members of the National Association of Credit Men:

The Credit Protection Department of your Association, working in co-operation with U. S. Attorney Charles H. Tuttle of the Southern District of New York and the Department of Justice in the investigation of bankruptcy matters is desirous of ascertaining the whereabouts of one

DAVID STEINHARDT

STEINHARDT is described as being about 40 years of age; height, 5 ft. 10 in.; weight, 175 lbs.; stout; full face, brown hair, bald on top; medium complexion; wears tortoise shell glasses; prominent nose; neat dresser, usually wears soft hat and brown suit.



The assistance of all our members is urged in locating the whereabouts of STEINHARDT, and information concerning him should be forwarded by wire collect to

MAXWELL S. MATTUCK, Counsel

Credit Protection Department, Eastern Division, N. A. C. M.

ONE PARK AVE., NEW YORK, N. Y.

Copies of the poster reproduced above have been sent to all the commercial and banking houses which are members of the National Association of Credit Men. The Credit Protection Department of the Association was unable to get any co-operation from David Steinhardt in several cases in which he was receiver and which the Association was investigating.

The Reinforcement of Credit Through Life Insurance

As told to Chester H. McCall

By Darwin P. Kingsley

President, New York Life Insurance Company

TWO of the greatest forces revolutionizing business methods today are radio and insurance. This claim is warranted by the fact that the influence of these two forces is probably doing more than anything else to better the living conditions of the average man and woman and to make these conditions better than any that have previously existed anywhere at any time. The leading objective of our civilization is the still greater improvement of our living conditions. High business standards and rapid business progress are a reflection of the high living standards of a people. Therefore, the most important influences contributing to this ideal deserve study and understanding on the part of every business man.

On December 12, 1928, it was my happy privilege to dedicate the formal opening of the newly completed New York Life Insurance building, located at Madison Square, New York, by giving a radio address to an unseen audience of several million people. It was one of the first, and perhaps the very first time, that the head of any great institution addressed associates distributed over a hemisphere. As I spoke into the microphone I was deeply thankful that I lived in an age of insurance and radio.

Life insurance is the magical device that builds out of life when it is strong a great reserve and turns the intangible value of health and life into cash just when and where it is most needed. Answering the question, "What has life insurance done?" I would say:

It has so organized society—that is, our entire domestic and social economy—that it now, for the first time in all the history of mankind, has on its purely social side a powerful defense against its deadliest enemies, and on its economic side a

great investing plant. And this plant not only conserves the earnings of millions of people who know and can know nothing about finance, but impresses those earnings with a social power that is lacking in mere securities or cash.

The prodigious sums accumulated in American life insurance record primarily an amazing sociological revolution, a movement that has sunk deep and spread far. The reserves of life insurance, what may be called the family foundation fund, are now \$16,000,000,000 in cash, or its equivalent. In an unbelievably short time that fund will be over a hundred billion. Meanwhile awaiting the call of its primary obligation this fund is invested and is serving society. *It is the busiest and most useful of all*

property and it belongs to the 65,000,000 people whose place in the economic order it protects. It is cash impressed with a social power that inheres in no other cash. Socially—as a factor in the Science of Society—it is the biggest sixteen billion dollars in the world.

The basic objectives of life insurance have been the care and education of dependents, the creation of estates when life ends prematurely, the protection of the family against the permanent disability of the breadwinner, and the establishment of accumulations for old age.

Distributing Losses

These four objectives typify the attempt to neutralize the *uncertainties* or risks of life. Life insurance, as a method of distributing losses and eliminating uncertainty, is often considered as a solution of the economic problem of risks. Fundamentally insurance is a device that distributes over a large group of persons the losses which come to the individual members of the group. In life insurance, this is made possible through a steady influx into the insurance reservoir of relatively small insurance payments, scientifically determined, and so adjusted that they do not impose an economic burden.

Just as a man's income is important to his family so may his services be equally important to a business venture. It is logical, then, that the business enterprise should capitalize the value of a man's life by insurance.

Business life insurance means the capitalization of the value of a man's life. It is applied to provide some financial compensation for economic loss when a vital human unit of a business organization dies. No efforts of man can prevent ultimate physical



death; but when death comes, the immediate capitalization of that life's value is a means of minimizing the damage which would otherwise be done. The burden of this loss is shifted by means of insurance, from an enterprise which cannot well afford to bear it to an institution that has been created for that very purpose.

The potent factor in every business is the management. Would you insure the building that is erected to house the genius of the management and not insure the management itself? Do not the human assets constitute a greater value than capital assets?

Business, for a number of years slow in appreciating this use of life insurance, is now making gigantic strides in utilizing the adaptability of life insurance to the solving of some of its financial problems. Its application as a protective measure against the loss of human assets is still largely undeveloped; but we are now entering an era when progressive business management considers life insurance as an essential protection against the loss of its executives, valued experts and employees, and therefore as a reinforcement of its credit.

It is conceded that the entire success of a business organization is founded upon its ability to obtain credit. Underneath our great business superstructure lies a credit foundation, consisting of the ability and determination of men to meet their obligations at maturity. In a business enterprise, if death removes the men responsible for the meeting of these obligations, the credit strength of that enterprise is seriously weakened unless there is some reserve provided against the loss of the economic value of these lives.

Credit Reinforcement

As a reinforcement of credit, life insurance should be written to cover the dependence of one partner upon another, the dependence of the corporation upon its managing geniuses and inventors, and to insure creditors against the death of debtors whose ability to pay is more dependent upon their living than upon the amount of property they own.

In every case insurance should be employed as a provision to satisfy the claims of creditors which must be settled before a partnership can be



New York Life's New Building, Madison Square, New York.

divided among the survivors or before a proprietorship can be distributed to the heirs. The legal entity of a corporation is not impaired by

the death of one of its valued executives, but the business and credit standing may be seriously impaired
(Continued to page 39)

One Month's Convictions

(November, 1928)

Credit Protection Department of the National Association of Credit Men

CASE	PERSONS CONVICTED	CHARGE	SENTENCE
Steinman Bros. New York City (cloaks & suits)	Hyman Steinman	215	3 mos.
Elite Butter & Egg Co. Brooklyn, N. Y. (food)	Samuel Werber Morris Friedman	29B 29B	2 yrs. 1 yr. 3 mos.
Selma Clothing Company Selma, N. C.	Lacy B. McCormick	Using mails to defraud	18 months in Federal Prison and fined \$500
	Ellis Nassar Hatem	Using mails to defraud	18 months in Federal Prison and fined \$500
	Albert Z. Karem	Using mails to defraud	Fined \$1000
Blackman-Silverman Co., Inc. Norfolk, Va. (ladies ready to wear)	Manuel Blackman	Using mails to defraud	Suspended sentence of six months and fined \$300
	Joseph Silverman	Using mails to defraud	Suspended sentence of six months, and fined \$300
Charles Roby Barnabus, W. Va. (bargain store)	Charles Roby	Concealment of assets	Fined \$100
Rosenbaum & Co. 337 W. Madison St. Chicago, Ill. (general merchan- dise)	Nathan Rosenbaum	Vio. Sec. 215	Fined \$200 and Cost
Caniff Dry Goods Co. Detroit, Michigan (dry goods)	T. M. Backiel	Contempt	Wayne County Jail
Progressive Hat Co., Inc. Chicago, Ills. (hat manufacturers)	Morris Ginsberg	Vio. Sec. Nat. 29B B.A.; Conceal- ment and Conspiracy	\$250 Fine
Morgan & Hall Rule, Texas (automobile sales- man)	A. M. Morgan	Swindling and Forgery	4 Years Texas State Penitentiary at Huntsville, Tex.
Winnsboro, Dept. Store Winnsboro, La. (general merchan- dise)	Jas. C. Wade	Vio. Nat. B.A. and Conspiracy	3 Yrs. Atlanta Penitentiary
David Jones Co. St. Louis, Mo. (laundry & supplies)	David Jones	Vio. Sec. 215	3 Yrs. Leavenworth Penitentiary
Morris Horowitz 1646 W. Taylor St. Chicago, Ill. (general merchan- dise)	M. Horowitz	Vio. Sec. 29B	6 Mos. Leavenworth Penitentiary
International Wholesale Grocery Co. Detroit, Mich. (groceries)	Thos Toti Joe Caruso Sam Cantalanotti Frank J. Cassesse	All for Vio. Sec. 215 and 37 C.C.	5 Yrs. Leavenworth Penitentiary \$3000 fine \$3000 fine \$500 fine
Nate Myers Los Angeles, Cal. (retail shoes)	Nate Myers	Concealment of assets	Fined \$500—two years imprison- ment in Federal penitentiary. Im- prisonment suspended for period five years.
Granville Bros. Biggs, Calif. (service station)	Alfred Granville	Making false financial statement	Fined \$20.00 or 20 days imprison- ment.

Total Convictions June 1, 1925 to December 31, 1928—612

Suggestion: The above information will enrich your credit files!

The Campaign Starts!

For Second Credit Protection Fund

CREDIT protection, that arm of the National Association of Credit Men which guards the credit structure against frauds and abuses by handing the commercial crook over to the law, is to be continued as a permanent and necessary service. The first public move toward this end was taken on January 14, when representatives of the credit interests of principal cities east of the Rocky Mountains met in New York and approved final plans for raising a Second Credit Protection Fund of \$1,750,000.

This new fund, to be subscribed during the coming year by banks and business houses whose credit operations expose them to the depredations of fraud artists, will finance the Credit Protection Department after the present fund is exhausted. The first Credit Protection Fund, as anticipated, will keep the investigating staff in the field until the end of 1929, by which time the new fund will be available.

W. H. Pouch, president of the Concrete Steel Co., New York, is serving as chairman of the national campaign. In announcing the objective of the drive at the January 14 meeting, Mr. Pouch said that the value of credit protection work had been fully proved during the past three and a half years. The need for vigilance to protect credit is greater now, he said, because of conditions of credit granting, than at the time the first fund was raised.

In the raising of this new fund, it was decided to cover only the eastern and central divisions of the country at present, since the west was approached a year later than the eastern and central states in the raising of the first fund.

For purposes of the campaign, the territory to be covered has been divided into twenty-five districts,

The convictions recorded every month by the Credit Protection Department are being regularly published in the Credit Monthly.

around twenty-seven key cities. Baltimore and Washington have been grouped together as a single campaign unit, as have Minneapolis and St. Paul. Following is a list of the key cities, around which local campaigns will be centered at various times during the year: Atlanta, Baltimore-Washington, Boston, Buffalo, Chattanooga, Chicago, Cincinnati, Cleveland, Dallas, Detroit, Indianapolis, Kansas City, Louisville, Memphis, Milwaukee, Minneapolis-St. Paul, St. Louis, New Orleans, New York, Philadelphia, Pittsburgh, Providence, Richmond, Rochester and Toledo.

In order that the field organization assigned to the national campaign may be present in each city while the local campaign is going on, and co-operate effectively with local associations and their committees, it was decided not to hold the local campaigns simultaneously. Instead, they will be held successively, and will be distributed through the year. Some of the local campaigns will overlap, but in general only one intensive local drive will be going on at a given time.

At a dinner following the conference on January 14, Dr. Stephen I. Miller, executive manager of the National Association of Credit Men, presented a detailed analysis of the record of the Credit Protection Department since its inception. This analysis Dr. Miller referred to as an

accounting of stewardship, specifically relating all moneys spent out of the first fund to concrete results accomplished.

What Has Been Done

More than 100,000 firms, representing all lines of business and all sections of the country, have been interested creditors in bankruptcy cases investigated by the department, Dr. Miller said. As a result of these investigations, 612 credit crooks had been convicted up to January 1, 1928, and on that date 634 other persons were under indictment awaiting trial. More than 75 per cent. of all individuals brought to trial on evidence gathered by credit investigators so far have been convicted.

Crowded court calendars in many sections of the country, Dr. Miller said, account for the large accumulation of indictments still awaiting trial. In addition to the record of convictions and indictments, he said that there are more than nine hundred suspicious bankruptcy cases now classed as "pending," either under active investigation at present or awaiting the action of grand juries.

Because of the large volume of cases handled by the Credit Protection Department, and the Department's trained personnel, the average cost of a single investigation has been kept down to \$400, Dr. Miller said. Comparing this figure with the cost to an individual firm which hires lawyers, investigators and accountants for such an investigation, Dr. Miller said that economy of operation is the clinching argument in favor of a permanent, nation-wide, investigating agency.

Other speakers at the conference stressed the increasing effectiveness of Credit Protection year by year, and its deterrent effect,—now beginning to be markedly noticeable,—in

keeping down the number of fraudulent failures.

Mr. Pouch pointed out that when the investigating force went into action in 1925, credit crime and the annual volume of fraud losses were sharply on the up-grade. Credit Protection first stopped that increase, he said, and then began gradually to bring about a decrease in the volume of fraud losses.

The steady retreat of credit racketeers before the militant offensive of organized business, Mr. Pouch said, is reflected in the number of cases turned over to the department for investigation year by year: first year, 754; second year, 702; third year, 662, and in the next six months, 257, which is on the basis of 514 for the fourth year—a decrease of 32 per cent.

Despite the indicated decrease of nearly one-third in the number of frauds committed, increasing effectiveness in the investigating service has made possible a steady increase in the number of crooks convicted each year, Mr. Pouch said. During the first year, 74 convictions were obtained; during the second year 177 and during the third year 231. During the first six months of Credit Protection's fourth year, from June 1, 1928, through November, the number of crooks convicted slightly exceeded the total number of investigations which became court cases. Credit crooks cannot afford to remain long in the field, Mr. Pouch said, when they are opposed by an agency which averages more than one conviction for every crooked bankruptcy it uncovers.

The list of key-city chairmen and the membership of the national and executive committees had not been completed up to the time of going to press. The following key-city chairmen, however, had been decided upon and all had accepted:

Key City Chairmen

Atlanta, P. M. Millions, Ernest L. Rhodes Co.; *Baltimore*, Blake Bourne, treasurer, John E. Hurst

Co.; Boston, F. S. Hughes, Federal Reserve Bank of Boston; *Buffalo*, Frank A. Worth, Spencer-Kellogg & Sons, Inc.; *Chattanooga*, C. R. Haemsch; *Cincinnati*, George J. Gruen, Gruen Watch Co., associate chairman; *Cleveland*, George De Camp, chairman of the board, Federal Reserve Bank of Cleveland; *Dallas*, F. H. Kidd, Graham Brown Shoe Co.; *Detroit*, C. A. Rogers, Federal Motor Truck Co.; *Kansas City*, J. W. Franey, Commonwealth National Bank, with J. E. Woodmansee, Richards Conover Hardware Co., associate chairman; *Memphis*, A. C. Burchett, Bank of Commerce & Trust Co.; *Milwaukee*, R. J. Dempsey, Meyenberg Shoe Co.; *New Orleans*, W. P. Simpson, president, C. T. Patterson Co., Inc.; *New York*, William Fraser, J. P. Stevens & Co.; *Pittsburgh*, Frank E. Demmler, Demmler Bros. Co.; *Providence*, Ralph S. Richards, Rhode Island Hospital Trust Co.; *Richmond*, W. A. Williams, president, William & Reed, Inc.; *Rochester*, H. H. Kase, Taylor Instrument Co.; *Toledo*, J. W. Koehrmann, president, Woolson Spice Co.; *Washington*, Frank W. White, treasurer, National Electric Supply Co.

Executive Committee

The executive committee, as at present constituted, includes, W. H. Pouch, Concrete Steel Co., New York; William Bianchi, New York; Frank D. Rock, Armour & Co., Denver; F. J. Hopkins, Janney Semple Hill & Co., Minneapolis; W. F. H. Koelsch, Seaboard National Bank, New York; Robert D. Scott, Chemical National Bank, New York; John E. Norvell, Philadelphia; Curtis R. Burnett, American Oil & Supply Co., Newark, N. J.; William Fraser, J. P. Stevens & Co., New York; E. R. Ailes, Detroit Steel Product Co., Detroit; Charles E. Meek, Chemical National Bank, New York; Stephen I. Miller, National Association of Credit Men, New York; George J. Gruen, Gruen Watch Co., Cincinnati; F. S. Hughes, Federal Reserve Bank of Boston; P. M. Millions, Ernest L. Rhodes Co., Atlanta; and H. R. Flowers, president, New Orleans Public Service, New Orleans.

The campaigns centered about New York, Boston and Providence have already been launched. Mem-

bers of the national committee assisting in the campaigns in those districts include:

National Committee Members

Thomas A. Edison, president, Thomas A. Edison, Inc.; E. H. H. Simmons, president, New York Stock Exchange; Bertram H. Borden, president, American Printing Co.; H. I. Caesar, H. A. Caesar & Co.; Charles Cheney, president, Cheney Bros.; Lincoln Cromwell, William Iselin & Co.; William L. DeBost, president, Union Dime Savings Bank; Julius Forstmann, president, Julius Forstmann & Co.; Percy Johnston, president, Chemical National Bank; Arthur W. Loasby, president, Equitable Trust Co.; Uzal H. McCarter, president, Fidelity Union Trust Co., Newark; Frederick McDonald, president, New York State National Bank, Albany; Lewis E. Pierson, chairman of the board, American Exchange Irving Trust Co.; William A. Prendergast, chairman, Public Service Commission, Second District.

Charles J. Davol, president, Davol Rubber Co.; Samuel M. Nicholson, president, Nicholson File Co.; Henry D. Sharpe, president, Browne & Sharpe Manufacturing Co.; Thomas H. West, Jr., president, Rhode Island Hospital Trust Co., George H. Wilson, U. S. Bobbin and Shuttle Co.

Frank G. Allen, Governor of Massachusetts; Howard Cooley, president, Walworth Co.; Henry S. Dennison, president, Dennison Manufacturing Co.; William P. G. Harding, Governor, Federal Reserve Bank of Boston; Henry I. Harriman, president, Boston Chamber of Commerce; Frederick C. Hood, president, Hood Rubber Products Co.; Henry J. Nichols, treasurer, National Leather Co.; Bernard W. Trafford, president, First National Bank, Boston.

As tentatively scheduled, other local drives will follow in this order: Philadelphia, February 4 to March 18; Baltimore, February 4 to March 25; Richmond, May 4 to April 8; Atlanta, March 11 to April 15; Chattanooga, March 18 to April 23; Memphis, March 25 to April 29; New Orleans, April 1 to May 6; Dallas, April 8 to May 27; Louisville, April 29 to June 1; Cincinnati, April 22 to June 9; Buffalo and Rochester, May 27 to June 25.

This is first of a series of articles written for the CREDIT MONTHLY, in which later articles will be on Management as Applied to Credit, Merchandising as Applied to Credit, etc. Having for several years served as an Assistant Professor of Economics and later Dean of a College of Business Administration, Dr. Miller directed for four years the American Institute of Banking, of the American Bankers Assn.

Production

In Relation to Credit

By Stephen I. Miller

Executive Mgr., National Assn. of Credit Men



FOUR great factors constitute the foundation of the economic system—land, labor, capital and management. It is management, or organization, that creates the relation of land, labor and capital and it is the nature of this relation that determines the success or failure of a business. The farmer must know the amount of land, labor and capital that will yield the highest net return; the manufacturer and distributor must also have the location, space, equipment, stock and man power necessary to yield the most economic results. A disproportionate application of any one of these factors brings about an economic penalty.

The average man is apt to think of capital as a sum of money; some business men look upon capital as the financial structure of their businesses; the economist finds in capital all those produced means of future production. The first view involves solely dollars and cents; the second involves money plus stocks, bonds and other evidence of finance; the third accepts all included in the first two views, and, in addition, buildings, equipment and stock of raw materials and finished products.

Whether the conception of capital be narrow or broad, it is at this point that the field of credit reveals itself. A leading economist puts it in this way: "By capital, the economist means all those forms of wealth—all those goods such as tools, machinery, raw materials and foodstuffs—which

men use in the production of new wealth. These often belong to men who have neither ability nor desire to utilize them and would go to waste or lie idle if our modern credit system had not been developed. This enables men of brain, energy and skill to get possession of a country's capital and devote it to productive uses." There are four chief forms of credit,—

1. Investment
2. Banking
3. Mercantile
4. Consumers

The producer is interested mainly in 1, 2 and 3, but has also an indirect, vital interest in 4. Anything which might cause a widespread upset of consumer credit conditions would almost immediately strike back at the manufacturer and the distributor.

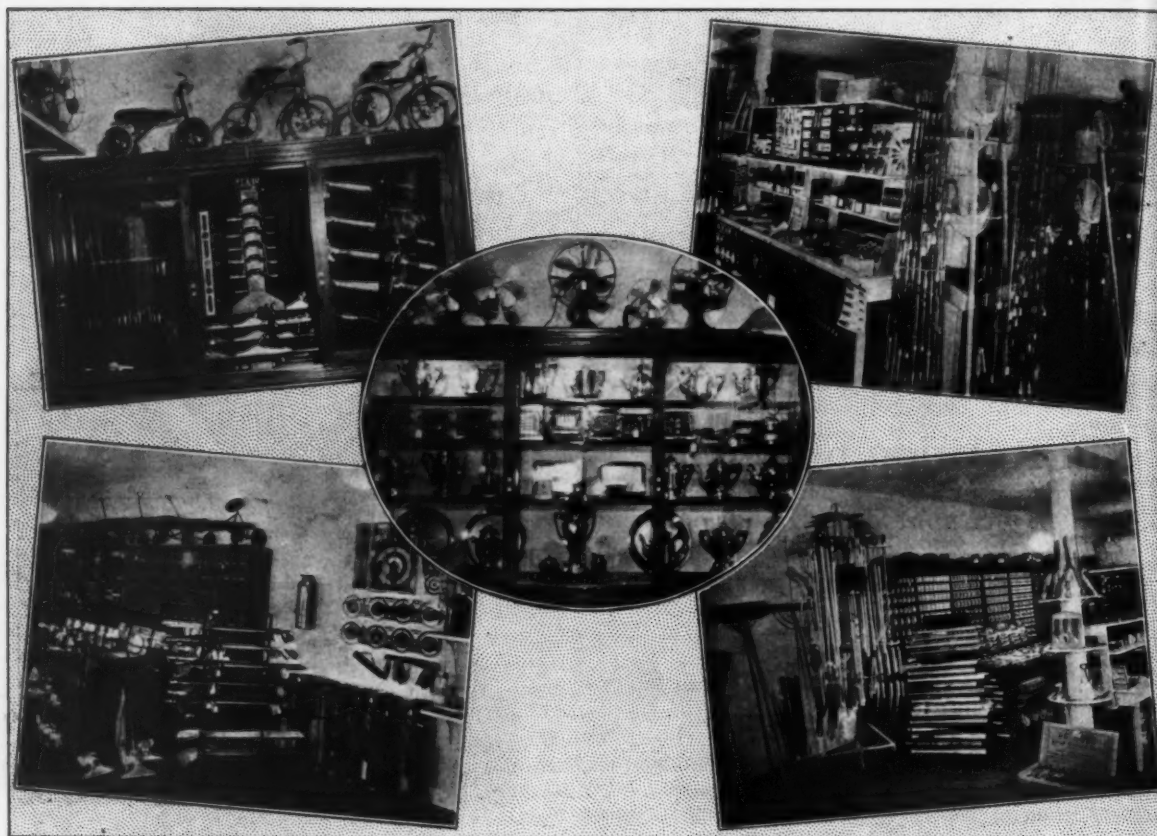
Investment Credit

Investment credit is important particularly at the time the enterprise is bought or first organized. It enables the manufacturer to obtain funds for the purchase of lands, patents or good will. The erection of buildings and the provision for equipment comes into play also for similar purposes wherever the business has to be expanded or forced into new channels.

Without production there would be nothing to distribute. Without land, buildings and machinery, obtained by means of an investment credit, there could be no production. The manner in which the producer or distributor takes advantage of his investment credit is most important. If bonds and mortgages be used as a medium of raising capital, a fixed charge is at once created. If stock be sold, a fixed charge is avoided, for dividends are paid at the discretion of the directors. It is evident that the ratio of bonds to stock is a most important credit consideration. The greater the fixed charges the more necessary is it to maintain a steady flow of production. Here is to be found one of the leading causes for volume, overproduction and violent competition. The Credit Manager receives the full force of this impact.

Among other conditions of credit is the important question of expansion elasticity. Not only must a business have sufficient and well adapted credit, but the management must be in a position to look ahead. Because of the progress of invention and the growth of business, plants must be enlarged and reorganized. The finan-

(Continued on page 38)



"Silent salesmen . . . tables, counters, display cases . . . with prices attached."

Merchandising Aid Pays

By William B. Munroe

President and General Manager Supplee-Biddle Hardware Co., Philadelphia

FIVE years ago, we organized in our company a Business Service Department for the purpose of giving to our customers, the independent retailers, without cost, the benefit of research and expert advice on merchandising and selling problems. We saw that, with the advent and growth of the chain stores, a new era in retail selling had arrived, and, if the independent merchant was to go forward, or even hold his ground, he must adopt newer and more aggressive methods of doing business. It was our plan, and our responsibility as the largest jobbers in our field on the Atlantic Seaboard, to help him find these newer methods, because upon his success ours depended.

We have never fought the chain stores. I believe that they have a place in distribution just as the independent retailer has, and this country is big enough to take care of both.

The creation of the Business Service Department, however, was a

step in the direction of giving aid and support to the independent merchant, and it has been abundantly justified. Our sales have increased, and our credits are in a better condition. I do not mean to say that we have entirely eliminated losses, but by the inter-linking of the three departments, Sales, Credit and Business Service, we have reached a place where we think of our accounts receivable as representing 100 cents on the dollar.

The Business Service Department is not a passive adjunct to our business; the men in it do not simply wait for calls for help, but they travel throughout our territory, visiting our customers, talking over their problems with them, and making suggestions wherever these are advisable, always being careful not to offend by using superiority tactics. We are not critical of the retail merchant; in fact, it is our confidence in the independent retailer that makes us stand by him. We are merely studying his problems all the time with the

idea of giving him every bit of help he will permit us to give him.

The Business Service Men, as we call them, are selected with the greatest care. Obviously, they must know both sales and credits and understand thoroughly all the problems of the retailer. They are picked from material in the Credit Department, men who have the credit foundation and, in addition, have instinctively a selling sense and are interested in developing business from the sales standpoint. They must be good salesmen themselves, for they must sell to the merchant whatever ideas they have for the improvement of his business, and it is not enough for them to analyze a situation and make a report on it. They have to make the retailer interested in carrying out the recommendations.

Recommendations by the Business Service Department are made only after a thorough investigation of a customer's business. We have no standardized system which we insist will be effective in every community,

except a simple bookkeeping system which we offer. While principles remain the same, there must often be changes or variations in the plans for carrying them out under different circumstances.

When a service man goes into a shop, one of the first things he does is to make a physical survey. He takes the measurements of the store and makes a drawing showing the interior arrangement. These are submitted to an expert in a fixture manufacturing company who then co-operates with us in planning the best layout and equipment for the store. If the recommendations call for the purchase of new fixtures, estimates of the cost are included. Sometimes, equipment on hand can be used but made more effective by a re-arrangement. From our department come suggestions for proper display of goods on tables, counters, and so on. The customer is invited to come to Philadelphia to see the model store which we have laid out on the ground floor of our building to show how the most advantageous display can be made in a small space.

Tact is Necessary

The service man continues his investigation by going from the sales-room into the office. He studies the customer's business records for some time past; he makes up a financial statement for the house; learns what the operating expenses of the business are and how much capital is invested in slow-selling merchandise. He goes over inventories and purchases, picks out the slow-selling items, and finds out to what extent the merchant is losing out on turnover. He notes whether or not a disproportionate amount of money is tied up in stock. When he has obtained all possible information of this sort, he comes back to his desk and works out a budget for the retailer, showing the amount of merchandise he should buy and sell every month.

The Credit and Sales Departments co-operate with the Business Service Department in endeavoring to keep a customer within the budget worked out for him or, at least, holding him down to only a slight excess over it. Both the Sales Manager and Credit Manager are immediately notified when a customer has been put on a budget plan.

Although the merchants who have made use of this service have appre-

ciated it, I should not want to mislead any one by saying that they have grabbed at it. We have had to sell them the idea, for the average retailer is very sensitive about the conduct of his business.

Not infrequently now, a dealer will write us, as one in New Jersey did about two months ago and say, "Can you suggest any way in which I can increase my business?" As this par-



WILLIAM B. MUNROE

ticular man addressed his letter to me personally, I replied, asking him if he could arrange to come to Philadelphia so that we could talk things over. He did, and the assistant sales manager and a representative of the Business Service Department joined the conference. After going over his situation thoroughly, we arranged to send the Business Service Man to his store the following week. As a result of this visit, a plan was worked out for him, and he agreed to put it into effect. The time has been too short yet to determine what eventual results it will bring, but in December he did 25 per cent. more business than he had ever done in that month before.

This was partly due to our persuading him to put in a line of toys. He demurred at first, saying that there were already too many merchants in his town carrying toys. Our answer was, "If, in a town of 2,500, ten or twelve shops sell toys, there must be a demand for them there. The thing for you to do is to carry toys and make yours the strongest toy department in town."

One merchandising policy we are always preaching is variety. It is the hope of the independent retailer to survive. We now carry 60,000 items and are constantly adding new lines. We no longer call ourselves hardware jobbers, but *firm merchandisers*. Yet our policies have not changed any more than the needs of the times have demanded.

Outside Lines

Formerly if a man wanted to buy a screw-driver, the hardware store was the one place to get it. Now, he may find it in the ten-cent store or he may even get it in a drug store. If other retailers are going to break into the hardware merchant's territory, he must, in self-defense, add outside lines to his stock. He must recognize that the old lines of distribution are changing. We encourage our customers to profit by having in their shops electric appliances, automobile accessories, radios, sporting goods, and many other lines that did not belong to the old-time hardware merchant's stock. It is variety of this sort that will enable them to keep a steady volume of business throughout the year.

June and December used to be dead months in the hardware trade. Now December, with toys, is one of the biggest months of the year. June has been brought up by pushing seasonal goods such as ice cream freezers, lawn mowers, golf and garden equipment, and sporting goods of various kinds. What we have been urging the dealers to do is to carry stocks that will fill in the gaps in sales. The old lines which have always made spring and fall busy seasons still have their peaks and need less attention.

Another thing we are trying to put over through our Service Department is the need for stronger sales effort. Today, *business is not so much a question of buying as of selling*. A merchant may buy at a wonderful price, but unless the goods are sold

"The chain stores have a place in distribution just as the independent retailer has, and this country is big enough to take care of both."

WILLIAM B. MUNROE, *Wholesaler.*

quickly and at a profit, he has nothing to rejoice over. And, in this day of competition, he will not get rid of his goods fast enough if he sits and waits for buyers to come. One of the crying needs of the retail field to-day is that more time and attention shall be given to selling.

Here are three important factors in selling to-day: (1) proper display of goods; (2) a connection with a good wholesaler who will keep the retailer supplied with new merchandise and informed as to new merchandising methods; and (3) letting the public know what is for sale and where.

By this last, I am not referring simply to advertising in the local papers. We emphasize silent salesmen such as tables, counters, and display cases where merchandise with prices attached can be displayed. The new theory of merchandising is that one of the best ways to get quick turnover is to have goods not only in sight of the customer, with the prices plainly marked, but where he can handle and examine them.

Our Business Service Department spends considerable time devising new publicity methods that will help retailers in their selling. One of the most recent of these was a booklet prepared for the merchant to distribute under his own name just before the holidays and called "A Trip to the Toy Stars." This was linked up with a weatherproof chimney which we supplied, designed to stand outside the shop and receive letters to Santa Claus from the children of the community. We suggested that the dealer follow up these letters with letters to the parents inviting them to come in and select the toys wanted.

Various plans of this sort will help to get goods off the shelves, to unload in sixty to ninety days, which is a reasonable limit for turnover. *The great curse of the retail business is overbuying.* Retailers buying direct from manufacturers instead of jobbers to get a quantity price often do not realize that this may mean tying up their capital for twelve months, in which event they lose more than the spread of profit by the length of time the merchandise is carried.

It is the place of the Business Service man to point out all these things

to the merchant who may find it too much effort to figure them out for himself. Since credit is a paramount part of business, it is no less the obligation of the service man to be able to render the merchant assistance in the building up of his credit system. The granting of credit is one of the advantages of the independent retailer, since it gives him a personal contact and relationship with his customers that the chain store does not enjoy. Properly handled, retail credits produce a healthy business condition.

Better than Drastic Letters

The Business Service Department has also been of great value to our own Credit Department. The Credit Manager brings to the attention of the Service Department delinquent accounts or those not paying satisfactorily, and this often leads to a contact between the Service Department and the customer which brings him back into line.

We find that applying business service aid to a worthwhile customer

who is lagging produces much better results than writing sharp, drastic letters after efforts to collect by mail have been made.

Credit Protection Fund

Speaking of credit work, I want to commend the action of the National Association in creating the Credit Protection Fund. This has been of great help in keeping down frauds and, I believe, has kept them down to a minimum last year. Business could not afford to do without this business insurance, and the fund should be liberally supported throughout the country. We are subscribers to the Fund and also to the Credit Interchange Bureau.

Finally, I want to say that I have great faith in the future of the country and of business in general. It is my firm belief that those who conduct their business along the right lines and in keeping with the best merchandising policies have as excellent a chance to progress and make profits as at any other time in our history.

Are We Happy?

By Bert Evans

Morris Grocery Co., Clarksburg, W. Va.

TO win in the business game—or any game, including the game of life itself—you must enjoy it. There is something wrong with a man who does not enjoy his work more and more as he grows older. A man should grow happier as he grows older, and he can grow happier, I don't see how he can fail to grow happier, if he is on the right terms with his work.

If you haven't sense enough or philosophy enough to order your life and work so as to get genuine satisfaction and fun out of it as you go along, you certainly will not get any bumper measure of enjoyment when the day comes, if it does come, when you can step out of every thing. There is more fun in producing, in creating something, if only a dog kennel, than there ever can be in idleness. The person, therefore, who fails to derive satisfying happiness

from his daily endeavors will enter only a fool's paradise when he quits work to enjoy—or, rather, suffer—leisure. Happiness in your work not only goes hand in hand with success in your work, but hand in hand with success and happiness in living. The retirement idol which so many people set before them is a delusion, a myth. *If your work does not yield you satisfaction, money never will.*

As I come into contact with my associates in the credit fraternity, it would appear sometimes that their troubles and worries were the greatest in the world. I will admit the Credit Manager does have his troubles, but we must realize that our problems are bound to be many, as we are engaged in the largest business in the country. For some time it has been recognized that 90 per cent. of all business has been done on credit, and

since the extensive expansion of the instalment business some authorities estimate the percentage as high as ninety-five. Therefore if our troubles and worries are 95 per cent. of the total we are getting only our proportionate share.

I wish that I could convince every Credit Manager that the first element of success in Credits is finding happiness in his work. Having found this, he will then be in a position to recognize his responsibilities to the profession of Credits, which means work, hard work, intelligent work, and then more work.

What is a Credit Manager's work? I know that I have been asked many times just what constitutes a Credit Manager's job, aside from turning down orders and collecting accounts; and I wonder sometimes if we as Credit Managers do not feel that this is about all there is to our job, or at least that this is all that should be expected of us. Would we not improve ourselves, those associated with us and our business, if we worked along these lines:

- (1) Put yourself right with your work, and be happy in carrying it on.
- (2) Co-operate closely with your own assistants, so that they will find the same happiness in working with you that you yourself are getting out of the work.
- (3) Maintain a friendly and co-operative attitude towards all departments of the business.
- (4) Develop the understanding that your job is to pass orders not reject them.
- (5) You have access to the mercantile and Credit Association reports—consult freely with your sales force on these reports so that they will be enlightened as to a customer's financial condition.
- (6) Co-operate closely with your fellow Credit Managers. *There is no such a thing as competition in credit.*
- (7) Give all possible assistance to your Credit Association both National and Local in all its branches, for these are the watch dogs of business.

Let me close with this as a slogan for every member of the credit fraternity:

"The man who has done his best has done everything."

"The man who has done less than his best has done nothing."

A 100 Per Cent. Adjustment

Through the Knoxville Adjustment Bureau

By John L. Silvain

THE Adjustment Bureau of the Knoxville Association of Credit Men, W. E. Bibee, manager, administering a recent case under a friendly assignment, realized a 100 per cent. settlement for 123 creditors having claims of \$56,000 against a Tennessee corporation.

The X. Y. Z. Company suffered a total loss by fire in December, 1927. The company's liabilities in the form of Accounts Payable were \$56,000. Its assets were claims of \$41,500 against insurance companies and Accounts Receivable of \$13,000.

The general manager and principal owner of this corporation, after the fire loss, consulted at least three attorney firms as to the best possible settlement with his creditors. He also consulted his local creditors and finally went to the largest one, a bank having an unsecured claim of \$16,500, which insisted that the matter be handled through the Adjustment Bureau, or it would institute involuntary bankruptcy proceedings. This request was also concurred in by the representative of the next largest creditor, a Virginia concern.

He then called and discussed his affairs thoroughly with the Bureau which at once got in touch with the several attorneys representing some of the creditors and all of the other creditors, and finally got the consent of all to undertake the friendly adjustment.

The Insurance Item

The Bureau's chief job was the adjustment of the fire losses with the insurance companies. The insurance in effect was subject to the 80 per cent. coinsurance clause, and totaled \$41,500 on the stock and fixtures. After several day's work, the Bureau was successful in setting up a claim with the insurance companies in the total amount of \$58,683.38.

To do this, it was necessary to prove the amount of goods on hand by going back to 1922 and working out the inventory by the process of net sales as compared with purchases, freight in and out, cost of goods sold, etc. The matter was finally worked out on that basis to the satisfaction of the insurance adjustor, and the Bureau collected the full amount of the insurance, except on furniture and fixtures, where a compromise was made on \$467.81, as against insurance of \$1,000.

The Accounts Receivable taken over amounted to slightly over \$13,000, of which more than \$10,000 was collected at a cost of less than five per cent. on the whole. The total of the administration expenses, including Trustee's fee, attorney's fees, collection expense and labor necessary to reclaiming salvage, amounted to less than six per cent. of the entire amount collected.

Cash Paid to Creditors

The total cash received after paying preferred claims and all expenses was paid out to unsecured creditors as follows: January, 1928, 10 per cent.; March, 1928, 50 per cent.; April, 1928, 30 per cent.; December, 1928, 1½ per cent. This made a total of 91.5 per cent. paid on unsecured claims, within a year.

In December, 1928, the principal owner and manager of the business made the Bureau a proposition to turn back to him the uncollected accounts receivable. He then executed notes for the remaining 8.5 per cent. indebtedness to his creditors, thus making it a personal indebtedness, whereas the previous indebtedness was that of a corporation.

This brought the settlement up to 100 per cent., which is believed to be 30 to 40 per cent. more than the creditors would have netted through court action.

The Adjustment Bureau kept in close touch with the Company's creditors during the settlement by means of letters, sent out from the Bureau.

34th Annual Convention

Minneapolis
June 24-28,
1929



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Executive



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Finance



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I. M. SPELLACY
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GRAY WARREN
Hotels



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F. R. ORCUTT
Halls



M. C. KELLY
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A. G. ELLIOTT
Transportation



R. W. KIMBALL
Speakers



A. B. LOYE
Registration



E. S. JONES
Hotels



J. L. BROWN
Finance
(Sec., M. A. C. M.)



H. S. HOLBROOK
Executive

Collections

"While de Pain Am on"

By John's Son

Knoxville, Tenn.

DOCK JOHNSON was a gentleman of color and a practitioner of the old school. What he knew about medicine would hardly make a handful. But what he knew about the psychology of his race would fill a whole sack.

Dock dressed well, kept clean shaven and wore diamonds so large that a stranger might think he was adept with the tricky pasteboards. But everyone knew him to be straight. His jingling dollars came legitimately from the human sufferers of his race, and it was well known how he came to be a financial success.

Collecting accounts is the bane of the life of the average practitioner in medicine. And when one is found to be unusually successful in that baleful art, his fellow workers are after the secrets of that phenomenal intake.

One night Dock Johnson was at the county medical meeting and the matter of hard times and poor collections was under discussion. The chairman of the meeting noticed Dock's presence and, remembering the frequent comment, and even tones of envy sometimes used by the white members of the fraternity regarding the colored practitioner's business acumen, remarked:

"Fellow members, since the discussion turns on the business angle of our work, I note in our midst a man of whose success we are all aware, a man to whom I know you will listen with interest. Dock Johnson, our colleague, has long been noted for his success in collections. I am sure you all want to learn his secret. Dock Johnson!"

Polite applause followed this introduction by the presiding officer.

"Thank you, Mr. Chairman, and gen'lemen," says Dock, rising and bowing, "for the compliment. But they ain't no secret to it. You-all is just as free to use it as me.

"They's one thing I've noticed in my dealing with sufferin' humanity,—an it ain't a failin' of my people only,—that they are lots more anxious about their ailments *while the sufferin' lasts*.

"No, gen'lemen, there's nothin' to it, nothin' tall. All I does is jus' this: I puts that anxiety to workin' for me an' gets my money while de pain am on."

Bankruptcy Statistics

As Compiled by the U. S. Attorney General

ON this page appears a summary of the Statistics of Bankruptcy for the United States for the fiscal year ended June 30, 1928, recently made available through the Annual Report of the Attorney General of the United States. (Copies of the complete 360-page report may be obtained from the U. S. Government Printing Office, Washington, D. C., at 40 cents a copy.)

On the two following pages is presented an analysis of the Bankruptcy statistics for each of the Judicial Districts of the United States, computed for the CREDIT MONTHLY from the Attorney General's Report.

(The following figures include Porto Rico, Hawaii and Alaska)

SUMMARY FOR THE UNITED STATES		Voluntary	Involuntary	Total
A. Cases pending, concluded, etc.:				
1. Pending at close of previous year	41,701	17,097	50,398	
2. Filed during year	47,136	5,928	53,064	
3. Concluded during year, including petitions dismissed and compositions confirmed	47,193	6,399	53,592	
4. Pending close of year	41,644	17,225	58,870	
5. Petitions dismissed	882	653	1,535	
6. Compositions confirmed	223	549	772	
Nature of business of bankrupt in cases concluded (including petitions dismissed and compositions confirmed):				
7. Farmer	5,662	19	5,681	
8. Wage earner	21,510	122	21,632	
9. Merchant	9,661	4,210	13,871	
10. Manufacturer	696	677	1,375	
11. Professional	1,316	36	1,352	
12. Other classes	8,346	1,335	9,681	
13. Total	47,193	6,399	53,592	
B. Liabilities:				
1. Represented by priority, secured, and lien claims	\$155,521,230.70	\$53,895,102.11	\$309,416,332.81	
2. Represented by unsecured claims which have been proved and allowed	158,581,566.10	189,410,890.19	345,992,456.29	
3. Represented by unsecured claims, as shown by schedules, which have not been proved	221,609,369.05	53,770,453.32	275,379,822.37	
4. Total	\$333,712,166.85	\$297,076,445.62	\$830,788,611.47	
C. Amounts realized:				
1. Total amount realized or received by marshals, receivers, trustees, and referees	38,714,780.90	64,977,504.44	103,692,285.34	
2. Total amount disbursed in conduct of business	3,437,365.35	9,714,857.96	13,152,223.31	
3. Net amount realized	35,277,415.55	55,262,646.48	90,540,062.03	
D. Distribution of net assets as shown above (C 3):				
1. Fees and expenses of administration, as analyzed below	7,561,737.66	13,950,604.20	21,512,341.86	
2. Paid to bankrupt on account of or in lieu of exemptions	600,091.72	227,883.57	827,975.29	
3. Paid to priority, secured, and lien creditors	13,344,647.60	14,176,102.44	27,520,750.04	
4. Paid to general creditors	13,091,244.51	26,081,410.78	39,172,655.29	
5. Other payments	540,289.05	649,048.20	1,189,337.25	
6. Undistributed balance, if any	139,405.01	177,597.29	317,002.30	
7. Total	35,277,415.55	55,262,646.48	90,540,062.03	
E. Analysis of fees and expenses of administration:				
1. Paid to referee on account of fees of every nature, excluding filing fees paid by clerk of court—				
(a) Commissions and 25-cent fees for filing claims	245,031.88	459,300.68	804,341.56	
(b) Fees as special masters, if any	27,693.11	52,762.60	80,455.71	
(c) Other fees, if any	37,053.88	21,928.75	58,982.63	
2. Paid to referee on account of expenses—				
(a) For printing and advertising	175,008.19	35,324.59	210,332.78	
(b) For traveling expenses	27,499.66	6,488.39	33,988.05	
(c) For office, clerical, and all other expenses	669,654.48	350,718.59	1,020,373.07	
3. Paid to marshals, receivers, and trustees on account of commissions, excluding filing fee of \$5.	1,157,414.73	1,575,098.99	2,732,513.72	
4. Paid to attorneys on account of fees	2,499,900.51	5,180,350.58	7,680,251.09	
5. All other expenses of administration	2,622,181.22	6,268,022.03	8,890,203.25	
6. Total	7,561,737.66	13,950,604.20	21,512,341.86	
F. Other data pertaining to property administered:				
1. Appraised value of exemptions set off to bankrupt in kind	16,251,529.25	1,144,933.67	17,396,462.92	
2. Appraised value of property securing debts of bankrupt which was not administered in bankruptcy court	18,656,309.81	6,143,264.65	24,799,574.46	
3. Filing fees paid by clerk of court to referee	707,863.70	82,935.00	790,798.70	
G. No-asset cases included in this report:				
1. Number of cases	29,819	586	30,405	
2. Total fees and expenses of referee (see E) in such no-asset cases	\$536,512.00	\$41,448.23	\$577,961.23	
H. Number of cases concluded, which were filed in forma pauperis, and in which filing fees were not afterwards paid				
	3,440	18	3,458	

¹ The difference between the number of cases herein shown as pending June 30, 1927, and the number shown by the report for the previous year is the result of careful revision.

(See following pages)

Analysis, by the Credit Monthly, of the United States Bank

State	District	Cases Concluded	Net Amount Realized	Av. Amt. Realized Per Case	TOTAL ADMIN. FEES AND EXPENSES		ATTORNEYS' FEES		PAID PRI- OR LIEN Percen- t
					Amount	Per cent of Amt. Realized	Amount	Per cent of Amt. Realized	
Alabama	Northern	2,129	\$1,596,531.59	\$749.90	\$294,960.23	18.48	\$75,871.99	4.76	11.50
	Middle	348	211,807.49	608.64	49,960.60	23.59	23,493.91	11.09	28.35
	Southern	145	180,687.98	1,246.11	21,886.93	12.11	10,712.98	5.93	62.68
Arizona		86	194,177.20	2,257.87	38,564.14	19.86	14,258.27	7.34	70.44
Arkansas	Eastern	240	394,307.63	1,642.95	50,415.31	12.79	8,197.96	2.08	44.80
	Western	139	587,521.87	4,226.77	89,212.40	15.18	23,937.06	4.07	46.75
California	Northern	1,402	1,677,856.59	1,196.76	407,944.30	24.31	196,872.35	11.73	35.49
	Southern	1,565	2,102,178.49	1,343.24	627,814.08	29.86	201,269.38	9.57	23.98
Colorado		387	216,766.29	560.12	50,607.16	23.35	11,201.56	5.17	27.20
Connecticut		848	1,203,865.21	1,419.65	294,748.69	24.48	67,975.58	5.65	26.43
Delaware		35	696,627.78	19,903.63	46,409.68	6.66	24,181.59	3.47	40.72
District of Columbia		147	318,894.00	2,169.35	74,094.40	23.23	28,392.50	8.90	35.34
Florida	Northern	50	75,083.28	1,501.66	17,333.43	23.09	4,134.65	5.51	40.56
	Southern	530	786,522.20	1,484.00	138,931.95	17.66	34,319.29	4.36	27.40
Georgia	Northern	1,176	625,086.06	531.54	136,618.07	21.86	68,914.64	11.02	31.17
	Middle	765	710,484.45	1,007.78	136,885.56	19.27	71,064.92	10.00	25.65
	Southern	499	639,103.14	1,280.77	128,436.92	20.10	49,759.25	7.79	32.87
Idaho		284	77,733.68	273.71	17,904.78	23.03	6,474.22	8.33	41.86
Illinois	Northern	1,702	5,799,968.35	3,407.74	1,417,907.70	24.45	778,989.58	13.43	24.92
	Eastern	589	1,003,357.55	1,703.49	207,419.02	20.67	89,237.33	8.89	29.35
	Southern	852	2,320,519.98	2,723.61	410,461.34	17.69	155,721.59	6.71	14.85
Indiana	Northern	63	205,971.96	3,269.38	32,503.80	15.78	10,047.44	4.88	24.56
	Southern	484	748,953.10	1,547.42	167,588.01	22.38	50,434.07	6.73	20.32
Iowa	Northern	465	1,094,626.72	2,354.03	134,136.07	12.25	40,793.67	3.73	24.97
	Southern	832	740,636.00	890.19	112,559.46	15.20	41,068.21	5.54	24.86
Kansas		693	945,456.67	1,364.29	172,073.18	18.20	57,970.77	6.13	27.53
Kentucky	Eastern	539	449,183.06	833.36	72,096.67	16.05	28,753.83	6.40	24.58
	Western	1,209	1,420,169.67	1,174.66	322,284.22	22.69	101,891.09	7.17	24.23
Louisiana	Eastern	217	199,613.73	919.88	60,964.28	30.54	26,003.65	13.03	28.16
	Western	264	531,242.70	2,012.28	56,306.63	10.60	14,018.94	2.64	21.83
Maine		837	233,069.20	278.46	52,079.95	22.34	13,435.03	5.76	27.12
Maryland		317	749,621.08	2,364.74	135,047.59	18.02	36,257.37	4.84	22.65
Massachusetts		2,468	6,636,397.35	2,688.98	1,749,480.68	26.36	574,596.93	8.66	24.34
Michigan	Eastern	835	4,477,641.72	5,362.44	576,302.31	12.87	224,397.86	5.01	24.58
	Western	357	626,544.92	1,755.03	148,061.19	23.63	47,564.69	7.59	24.56
Minnesota		2,104	756,524.64	359.56	300,939.45	39.78	99,375.38	13.14	22.91
Mississippi	Northern	168	139,725.22	831.70	35,692.53	25.54	10,288.62	7.36	52.29
	Southern	648	275,489.03	425.14	66,568.85	24.16	24,751.44	8.98	23.14
Missouri	Eastern	626	2,595,320.60	4,145.88	369,118.57	14.22	119,301.69	4.60	13.75
	Western	1,115	826,765.28	741.49	273,884.72	33.13	101,440.16	12.27	29.03
Montana		346	112,499.57	325.14	25,007.74	22.23	6,315.40	5.61	27.13
Nebraska		578	1,299,337.16	2,247.98	372,118.15	28.64	169,249.18	13.03	24.22
Nevada		18	2,790.53	155.00	441.42	15.81	110.97	3.94	28.00
New Hampshire		110	296,529.93	2,695.72	49,556.75	16.71	14,651.09	4.94	19.45
New Jersey		576	1,535,530.96	2,665.85	420,665.44	27.40	159,572.07	10.39	26.96
New Mexico		98	233,436.44	2,382.00	52,684.34	22.57	25,151.30	10.77	24.33
New York	Northern	943	1,346,659.44	1,428.06	365,140.71	27.11	185,988.57	13.81	27.00
	Eastern	1,223	1,930,306.64	1,578.34	536,447.42	27.79	153,056.77	7.93	24.91
	Southern	2,515	12,618,543.46	5,017.31	5,422,493.64	42.97	1,664,254.43	13.19	22.70
	Western	867	1,321,400.37	1,524.11	320,082.76	24.22	140,143.19	10.61	24.94
North Carolina	Eastern	232	875,451.10	3,773.50	95,913.64	10.96	24,031.39	2.74	26.17
	Middle	13	20,288.17	1,560.62	1,467.41	7.23	75.00	.37	23.48
	Western	132	589,701.07	4,467.43	59,418.11	10.08	17,998.75	3.05	24.56
North Dakota		258	97,930.93	379.57	34,372.38	35.10	12,676.14	12.94	27.91
Ohio	Northern	1,978	2,671,497.10	1,350.61	568,751.94	21.29	204,753.70	7.66	29.36
	Southern	824	665,459.56	807.60	138,879.63	20.87	59,594.22	8.96	24.56
Oklahoma	Northern	213	88,461.54	415.31	32,452.71	36.69	6,688.80	9.82	18.19
	Eastern	364	407,764.30	1,120.23	82,013.39	20.11	20,542.48	5.04	24.33
	Western	243	801,480.30	3,298.27	79,848.34	9.96	28,992.10	3.62	24.13
Oregon		1,213	309,230.22	254.93	95,929.08	31.02	38,364.00	12.41	24.61
Pennsylvania	Eastern	637	2,018,629.36	3,168.96	568,171.19	28.15	259,923.86	12.88	25.34
	Middle	395	1,501,899.31	3,802.28	261,404.17	17.40	83,515.74	5.56	23.41
	Western	722	2,161,270.08	2,993.45	420,033.74	19.43	158,707.94	7.34	26.17
Rhode Island		208	1,940,696.76	9,330.27	208,235.42	10.73	49,584.57	2.55	24.11
South Carolina	Eastern	179	500,440.32	2,795.75	68,548.43	13.70	22,957.65	4.59	24.48
	Western	110	482,972.23	4,390.65	58,962.55	12.21	14,233.96	2.95	24.85
South Dakota		478	367,141.03	768.08	103,370.62	28.16	40,829.79	11.12	24.86
Tennessee	Eastern	960	181,452.35	189.01	46,251.37	25.49	18,940.83	10.44	24.81
	Middle	810	685,244.90	845.98	109,820.93	16.03	42,105.20	6.14	24.67
	Western	606	393,608.81	649.52	128,169.39	32.56	54,488.96	13.84	24.76
Texas	Northern	447	1,186,779.40	2,654.99	199,867.76	16.84	65,463.83	5.52	24.19
	Eastern	338	756,366.65	2,237.77	98,660.82	13.04	27,752.34	3.67	24.52
	Southern	91	555,145.93	6,100.49	61,232.33	11.03	25,423.42	4.58	24.64
	Western	314	1,091,499.94	3,476.11	112,256.79	10.28	35,740.70	3.27	24.64
Utah		380	99,375.71	261.51	32,423.92	32.63	9,799.57	9.86	24.86
Vermont		195	593,165.22	3,041.87	31,945.04	5.39	11,720.17	1.98	24.11
Virginia	Eastern	1,179	519,780.95	440.87	89,472.12	17.21	19,043.90	3.66	24.66
	Western	797	282,241.55	354.13	49,864.59	17.67	17,437.53	6.18	24.14
Washington	Eastern	358	110,533.13	308.75	30,598.35	27.68	6,668.71	7.84	24.37
	Western	785	505,333.43	643.74	90,771.05	17.96	45,884.94	9.08	24.89
West Virginia	Northern	331	490,984.60	1,483.34	111,228.62	22.65	26,309.67	5.36	24.74
	Southern	463	380,852.51	822.57	53,823.68	14.13	8,892.71	2.33	24.16
Wisconsin	Eastern	1,086	738,227.98	679.77	188,432.27	25.52	79,014.11	10.70	24.92
	Western	584	509,950.74	873.20	91,810.03	18.00	42,881.47	8.41	24.79
Wyoming		148	32,712.49	221.03	11,238.63	34.35	1,542.32	4.71	24.67
		53,444	\$90,382,637.63	\$1,691.16	\$21,476,483.66	23.76	\$7,672,444.88	8.49	\$27,408.88

State Bankruptcy Statistics—Fiscal Year Ended June 30, 1928

PAID PRIORITY SECURED OR LIEN CREDITORS				PAID GENERAL CREDITORS				PAID CREDITORS ALL CLASSES			
Amount	Percentage of Proceeds	Liabilities	Per cent Liab. Paid	Amount	Percentage of Proceeds	Liabilities	Per cent Liab. Paid	Amount	Percentage of Proceeds	Liabilities	Per cent Liab. Paid
\$1.50	10.28	\$1,192,703.30	13.77	\$979,098.22	61.33	\$8,573,637.63	11.42	\$1,143,279.72	71.61	\$9,766,340.93	11.71
98.35	27.05	923,091.90	6.21	77,918.70	36.79	2,273,648.02	3.43	135,217.05	63.84	3,196,739.92	4.23
62.08	9.17	173,180.41	9.56	122,719.08	67.92	634,828.86	19.33	139,281.16	77.09	808,009.27	17.24
70.44	70.18	574,269.86	23.73	18,908.16	9.74	2,350,072.95	.80	155,178.60	79.92	2,924,342.81	5.31
64.80	36.94	1,610,336.55	9.05	175,307.32	44.46	2,577,315.12	6.80	320,972.12	81.40	4,187,651.67	7.66
66.75	56.79	689,892.41	48.36	161,489.07	27.49	3,112,859.97	5.19	495,135.82	84.28	3,802,752.38	13.02
65.49	40.81	3,448,462.36	19.86	561,710.46	33.48	13,916,975.57	4.04	1,246,465.95	74.29	17,365,437.93	7.18
63.96	26.21	11,161,537.51	4.94	897,994.08	42.72	25,581,683.23	3.51	1,448,898.06	68.93	36,743,220.74	3.94
78.20	28.13	803,314.48	7.59	99,139.76	45.74	2,674,413.74	3.71	160,117.96	73.87	3,477,728.22	4.60
76.43	30.42	3,708,601.39	9.87	505,052.24	41.95	8,389,036.97	6.02	871,228.67	72.37	12,097,638.36	7.20
60.72	57.84	1,461,694.35	27.57	189,084.33	27.14	3,500,447.44	5.40	592,025.05	84.98	4,962,141.79	11.93
65.34	29.90	1,284,195.93	7.43	147,738.25	46.33	2,647,451.03	5.58	243,103.59	76.23	3,931,646.96	6.18
40.56	33.48	333,674.26	7.53	31,499.64	41.95	993,616.84	3.17	56,640.20	75.43	1,327,291.10	4.27
67.60	22.35	9,054,424.35	1.94	440,598.74	56.02	14,383,725.24	3.06	616,406.34	78.37	23,438,149.59	2.63
81.17	23.72	487,492.67	30.42	324,678.35	51.94	8,022,154.76	4.05	472,959.52	75.66	8,509,647.43	5.56
95.65	47.05	2,844,347.08	11.75	222,026.37	31.25	6,058,417.34	3.66	556,321.02	78.30	8,902,764.42	6.25
82.87	29.73	1,857,262.22	10.23	291,133.93	45.55	5,262,687.08	5.53	481,116.80	75.28	7,119,949.30	6.76
41.06	16.65	592,959.64	2.18	36,393.26	46.82	1,195,633.58	3.04	49,334.32	63.47	1,788,593.22	2.76
64.92	11.71	5,335,051.06	12.73	3,536,704.03	60.98	32,294,206.18	10.95	4,215,688.95	72.69	37,629,257.24	11.20
69.35	40.00	2,549,365.86	15.74	383,562.75	38.23	5,914,254.78	6.49	784,872.10	78.23	8,463,620.64	9.27
41.85	60.80	4,387,563.79	32.16	451,021.44	19.44	7,773,815.47	5.80	1,861,963.29	80.24	12,161,379.26	15.31
64.56	46.48	356,962.14	26.82	70,357.45	34.16	1,037,440.30	6.78	166,092.01	80.64	1,394,402.44	11.91
60.32	41.33	2,236,300.31	13.84	218,605.81	29.19	5,455,365.08	4.01	528,136.13	70.52	7,691,665.39	6.87
64.97	63.73	5,705,431.03	12.23	249,813.44	22.82	6,571,293.92	3.80	947,418.41	86.55	12,276,724.95	7.72
64.86	59.99	8,441,672.98	5.26	181,393.81	24.49	9,175,807.78	1.98	625,728.67	84.48	17,617,480.76	3.55
77.53	30.85	1,149,845.06	25.37	475,009.52	50.24	5,717,866.67	8.31	766,687.05	81.09	8,667,711.73	11.16
64.58	53.05	684,040.45	34.84	124,044.61	27.62	1,855,101.94	6.69	362,359.19	80.67	2,539,142.39	14.27
64.23	47.98	2,136,228.42	31.89	377,532.18	26.58	6,103,228.30	6.19	1,058,876.41	74.56	8,240,156.72	12.85
68.16	37.62	1,353,842.87	5.55	63,415.51	31.77	1,725,766.04	3.67	138,503.67	69.39	3,079,608.91	4.50
61.83	68.09	2,021,237.69	17.90	110,340.23	20.77	3,318,172.30	3.33	472,062.06	88.86	5,339,409.89	8.84
77.12	22.01	1,222,160.01	4.20	120,619.32	51.75	2,788,220.63	4.33	171,916.44	73.76	4,010,380.64	4.29
72.65	29.02	4,029,027.54	5.40	383,545.76	51.17	4,880,514.92	7.86	601,058.41	80.19	8,909,542.46	6.75
64.33	15.78	12,924,685.93	8.10	3,673,836.76	55.36	38,183,274.27	9.62	4,721,371.09	71.14	51,107,960.20	9.24
72.58	46.93	4,813,783.08	43.66	1,742,091.75	38.91	12,124,242.02	14.37	3,843,565.33	85.84	16,938,025.10	22.69
64.56	42.16	553,385.51	47.73	194,300.02	31.01	2,799,634.75	6.94	458,454.58	73.17	3,353,020.26	13.67
62.91	13.46	4,719,871.67	2.16	348,143.04	46.02	13,501,456.74	2.58	450,005.95	59.48	18,221,328.41	2.47
62.29	20.08	1,904,173.75	1.47	71,207.74	50.96	3,008,779.11	2.37	99,260.03	71.04	4,912,952.86	2.02
63.14	22.27	1,254,326.97	4.89	140,485.90	50.99	2,581,018.82	5.44	201,849.04	73.26	3,835,345.79	5.26
71.07	45.81	4,096,298.72	29.02	969,446.22	37.35	8,999,080.17	10.77	2,158,253.75	83.16	13,095,378.89	16.48
69.03	21.44	4,336,096.40	4.09	344,522.84	41.67	9,283,987.02	3.71	521,821.87	63.11	13,620,083.42	3.83
71.13	17.70	1,410,113.99	1.41	66,482.48	59.10	2,437,573.11	2.73	86,399.61	76.80	3,847,687.10	2.25
60.22	16.93	2,066,678.69	10.65	683,835.88	52.63	5,189,965.21	13.18	903,876.10	69.56	7,256,643.90	12.46
68.00	27.53	1,057.50	72.66	1,581.11	56.67	5,218.49	30.30	2,349.11	84.20	6,275.99	37.43
71.45	25.60	781,674.22	9.71	169,626.36	57.20	1,282,410.13	13.23	245,545.81	82.80	2,064,084.35	11.90
76.96	38.28	2,771,008.89	21.21	512,050.97	33.35	10,086,062.37	5.08	1,099,847.93	71.63	12,857,071.26	8.55
64.33	29.87	710,738.20	9.81	104,244.80	44.66	3,315,780.01	3.14	173,969.13	74.53	4,026,518.21	4.32
77.00	24.38	3,322,799.00	9.88	640,945.78	47.60	10,006,427.80	6.41	969,322.78	71.98	13,329,226.80	7.27
64.91	9.82	4,254,009.29	4.45	1,163,313.42	60.27	23,450,256.25	4.96	1,352,778.33	70.09	27,704,265.54	4.88
62.70	10.40	8,622,818.04	15.22	5,554,215.41	44.02	102,495,206.81	5.42	6,866,778.11	54.42	111,118,024.85	6.18
64.94	32.99	2,736,075.68	15.94	559,497.14	42.34	10,597,411.26	5.28	995,492.08	75.33	13,333,486.94	7.47
66.17	41.66	1,844,772.17	19.77	331,324.48	37.85	3,701,406.90	8.95	696,010.65	79.51	5,546,179.07	12.55
63.48	46.30	28,851.13	32.56	9,379.78	46.23	140,738.97	6.66	18,773.26	92.53	169,590.10	11.07
64.56	52.76	607,882.75	51.19	204,541.66	34.69	1,712,922.88	11.94	515,696.22	87.45	2,320,805.63	22.22
67.91	18.47	1,771,641.28	1.02	36,911.27	37.69	2,962,472.01	1.25	54,999.18	56.16	4,734,113.29	1.16
92.36	33.87	5,510,326.09	16.42	1,145,034.70	42.86	12,735,670.16	8.99	2,049,764.06	76.73	18,245,996.25	11.23
74.50	40.71	1,592,892.47	17.01	237,910.73	35.75	5,121,598.62	4.65	508,845.23	76.46	6,714,491.09	7.58
61.19	18.67	647,606.83	2.55	39,076.34	44.17	2,983,279.47	1.31	55,594.53	62.84	3,630,886.30	1.53
83.32	36.51	1,636,921.48	9.10	171,716.16	42.11	4,267,788.35	4.02	320,599.48	78.62	5,904,709.83	5.43
70.13	14.68	479,965.35	24.52	602,803.99	75.21	2,491,033.41	24.20	720,494.12	89.89	2,970,998.76	24.25
66.18	29.55	2,424,874.25	3.77	119,436.30	38.62	6,650,335.81	1.80	210,802.48	68.17	9,075,210.06	2.32
61.34	25.38	4,700,902.59	10.90	843,269.93	41.77	13,331,388.78	6.33	1,355,521.27	67.15	18,032,291.37	7.52
62.41	46.39	1,432,860.05	48.62	511,318.40	34.04	5,962,590.79	9.08	1,208,041.81	80.43	7,062,450.84	17.11
78.48	35.21	3,825,034.49	19.89	862,144.03	39.89	11,220,223.96	7.68	1,623,101.51	75.10	15,045,258.45	10.79
61.79	35.27	865,127.55	79.12	1,037,663.11	53.47	4,664,928.20	22.24	1,722,174.90	88.74	5,530,055.75	31.14
64.82	44.31	2,520,276.96	8.80	190,529.20	38.07	3,703,734.42	5.14	412,274.02	82.38	6,224,011.38	6.62
65.92	27.75	653,946.04	20.49	255,128.90	52.82	2,031,262.97	12.56	389,134.82	80.57	2,685,209.01	14.49
66.86	33.93	3,711,402.99	3.36	126,562.08	34.47	4,781,551.64	2.65	251,148.94	68.40	8,492,954.63	2.96
68.18	19.88	860,007.07	4.19	95,961.99	52.89	2,236,808.34	4.29	132,030.17	72.77	3,096,815.41	4.26
67.47	27.72	423,802.13	44.82	382,441.66	55.81	3,194,092.42	11.97	572,409.13	83.53	3,617,894.55	15.82
76.24	30.96	1,046,516.07	11.65	121,154.35	30.78	2,286,319.16	5.30	243,030.59	61.74	3,332,835.23	7.29
71.65	48.81	3,005,507.51	19.27	394,863.06	33.27	7,956,992.84	4.96	974,082.71	82.08	10,962,500.35	8.89
62.99	55.11	1,107,202.15	37.65	237,199.50	31.36	2,653,754.20	8.94	654,052.49	86.47	3,760,956.35	17.39
64.19	21.74	3,704,685.02	3.26	371,521.41	66.92	3,723,043.81	9.98	492,185.60	88.66	7,427,728.83	6.63
74.28	68.91	2,835,211.98	26.53	219,768.54	20.13	6,022,016.09	3.65	971,932.82	89.04	8,857,228.07	10.97
79.96	30.49	544,729.18	5.56	33,006.39	33.21	1,498,818.31	2.20	63,305.35	63.70	2,043,547.49	3.10
61.09	60.95	522,328.63	69.21	199,639.93	33.66	778,514.06	25.64	561,151.02	94.61	1,300,842.69	43.14
66.02	48.21	2,111,226.27	11.87	174,780.61	33.63	4,611,728.36	3.79	425,346.63	81.84	6,722,954.63	6.33
64.24	36.32	3,250,854.12	3.15	125,793.20	44.57	2,979,375.77	4.22	228,307.44	80.89	6,230	

His Important Function

Credit Manager's Part in Selective Distribution

By M. J. Martin

Penick & Ford Sales Company, Inc., New Orleans

CONSIDERING the various phases of credit and merchandising to select something to make a talk about, at a meeting of the local Credit Men's Association, at the secretary's request, I became interested in tracing each reference back to the happenings preceding it, and going back from results to causes. One thing seemed to me to stand out as important in the progress of credits in their relation to the history of barter and trade. That is, the sharp difference in the basic problem confronting manufacturers now as contrasted with their basic problem when the importance of credit research first began to be recognized.

Then, the problem was production. The making of the articles to be sold was paramount. The big question was how to make merchandise in big enough quantities to satisfy the natural market outlets, and how to make the product well enough and uniform enough to fill the need for which it was designed.

Now, the problem is distribution. Invention and scientific control of processes have taken the production problem in hand so that it no longer confronts us as such. So that, to me, it seems that the important function of the Credit Department of today is its co-operation in the selective distribution of merchandise.

I do not imply that credit granting should be based solely on this consideration, but I do believe that it is part of the Credit Department's job to help the Sales Department to place the merchandise in a territory where (other things being equal,) its distribution will bring the best results in good will.

Naturally, in considering a line of credit, we adhere to the fundamentals of Character, Capacity and Capital; but in addition to these the Credit Department gives weight in its final determination to the good will value of the distribution for its product which will result from the sale.



We hold, then, that between two risks of equal merit, measured by the usual standards, the best choice is that merchant who is himself alive to the advantages of his territory and who distributes through a wider channel.

Our credit line-up can be summarized briefly as follows: We adhere strictly to the principle that the Credit Department has the full and final say in the passing of credits, and in holding this view the Credit Department undertakes, as part of its job, to give most careful consideration to all phases of the transaction. This demands constant contact with the Sales Department, and aids in arriving at a sound decision without the division of responsibility for the accounts placed on the books.

Our three credit offices, that is, the one at New York (which handles the East), Cedar Rapids (which handles the West), and at New Orleans (which handles the Southern accounts), report directly to the Treasurer of the Company. Except for general credit policies, each Credit Department has full responsibility and accountability for its outstandings. Each office furnishes the Treasurer a daily report of sales, collections and outstandings, cumulated for the month, and in addition furnishes weekly estimates of collections for financial purposes. At regular intervals an aged trial balance is submitted in which each account outstanding at a given date is listed and the balances detailed as to their age, that is, whether they are thirty, sixty, ninety days, six months or longer overdue. A summary of this position is taken off and reduced to a percentage basis so that at regular intervals we know whether our percentage of delinquency is on the increase or not as compared with the previous report, or the condition a year ago.

There is probably nothing unusual about our Credit Department procedure or our Credit Department files. We collect and keep in a permanent folder the usual information regarding each account on our books, that is, we have the agency reports, trade interchange reports, crop reports, clearances of individual references, bank reports and in quite a few cases statements which the customer himself has furnished us. These balance sheet figures are recorded on a form provided for that purpose which permits us to compare this information over a period of years. There is included on the bottom of this form a summary to show at each statement date the current assets, current liabilities, working capital and current ratio. On the back of the form space is also provided for working out, in

(Continued on page 30)

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New York



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The Radio Liaison

(Continued from page 10)

struments can also be transmitted in facsimile fashion. It is not difficult to conceive the development of a radio credit interchange system when domestic traffic becomes a reality. Every order could be passed upon by a credit executive within a few minutes of the time it came before him.

"The apprehension of credit criminals would be greatly enhanced through a radio interchange system that would make available the immediate use of photoradiogrammed pictures, signatures and fingerprints. Just as radio has many possibilities in the credit field so has it many possibilities in every other business field.

"Some businesses at the present time rely almost entirely upon radio assistance. The success of the banana trade, for example, is built upon a radio foundation. The banana cargo is highly perishable produce with a widely fluctuating market and it represents a gamble from the time it is taken on board until it is delivered for immediate sale. The vessel carrying bananas must be in constant touch with headquarters, so that headquarters may know the state of ripeness of the fruit, and determine at what port the cargo should be unloaded to take advantage of market conditions. The United Fruit Company, operating a fleet of modern ships, has from the very beginning utilized radio communication as a necessary factor in its commerce. Today it operates a vast radio system of its own which co-operates with our service in safeguarding its perishable cargoes.

"Radio has been used on several occasions to accomplish an advertising scoop. A sketch made of the newest style of hats worn by mannequins at a French race track on a Tuesday was rushed to London and photoradiogrammed across the Atlantic to New York in time to be turned over to the designers and made into the very latest hats that were placed on sale by a New York store the following Monday morning.

"When Commander Byrd was making his epochal flight to the North Pole the Tidewater Oil Company had copy prepared to advertise their oil which Commander Byrd was using in his plane. When he returned to Spitzbergen after his successful ad-

venture the news was immediately communicated to the oil company in this country. The advertising copy was then photoradiogrammed to Europe where it appeared in continental newspapers at the same time it appeared in American newspapers and at the most timely and opportune moment.

"At another time, a photograph was made of a new model of the Cadillac car, recently introduced by General Motors. Through the use of modern means of communication, in which the photoradiogram played an important part, the General Motors Export Company was able to announce this new car to its agencies all over the world almost simultaneously with its introduction in the United States.

"A candidate for the Hawaiian Senate found himself in San Francisco at a time when his signature was required in Honolulu to complete his entry in the race. The power of attorney, which he had left with his representative in Hawaii was not acceptable. At the last moment he turned to the photoradiogram service. His facsimile signature was accepted when attached to the petition—and he was elected!

"These actual experiences illustrate, I believe, the practicability and indispensability of radio communications. Radio services of this kind are a public utility. More and more will radio be put to practical uses by the business man, and upon him largely devolves the responsibility for the utilization of this great, new force."

The Future

"What do you think of the future of radio and its growing importance in our daily lives?" I asked.

"As highly developed as we find radio today, still greater miracles are in the offing. Within a few years, television will emerge from the laboratory and give us a motion picture accompaniment to our radio programs. A combination of television and radio may perhaps, in some distant future, enable the chairman of a board of directors to sit in his office and hold a board meeting with the directors remaining in their respective offices in various parts of the country. Newspapers may be transmitted across a continent or an ocean within a few minutes after they come off the press.

"We can only imagine some of the

When writing to advertisers, please mention the Credit Monthly

possibilities radio holds for the future of business. But what was imagination yesterday is reality today. At one time the telephone and typewriter were considered business luxuries. Today they are indispensable. Just thirty years ago there was no radio communication. *In 1919 broadcasting was only a dream.* Today radio service is necessary to the continuation of many successful businesses. Tomorrow its speed, accuracy and dependability will doubtless be relied upon by practically every kind of business.

"The velocity of our lives is increasing daily. Yesterday used to mean only yesterday. Today it may mean a day, a week, a month or a year. The world grows smaller, time shorter. Business must keep pace by marching at double-time. All of this is the spirit of the age—and the spirit of radio."

Service to Mankind

General Harbord once said, "Men's lives are their answers to the question of destiny; and America has called those lives great which have been of greatest service to mankind."

He has answered with brimming measure that question of destiny; after a life of army service he has brought to radio the spirit of the *liaison* and radio is in turn passing on to business the same service and spirit—which consists in maintaining the best facilities for enabling everybody to keep informed of everything he ought to know.

Trust Companies Conference

THE tenth annual mid-winter trust conference under the auspices of the Trust Company Division, American Bankers Association, will be held in New York, February 13, 14 and 15, at the Commodore Hotel. Invitations will be sent to more than five thousand trust companies and banks doing a trust business, throughout the United States, asking them to participate in the conference which will deal with the foremost problems of settling estates and administering trusts.

The eighteenth annual banquet of the trust companies of the United States will be held the evening of February 14 at the Commodore Hotel in New York in conjunction with the conference.

Retail Grocery Mortality

THE November, 1928, issue of Statistical Survey, a bulletin issued by the University of Buffalo Bureau of Business and Social Research presents the following facts about the mortality of independent retail grocery stores in Buffalo, between 1918 and 1926:

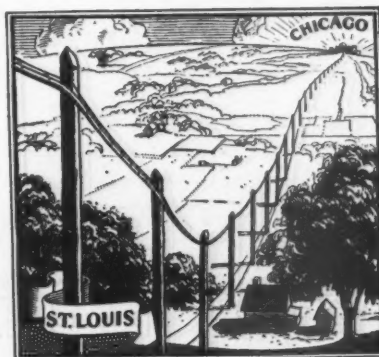
Between 1918 and 1926, 5125 new firms entered the independent retail grocery business in Buffalo. By 1927, 83 per cent. of these firms had passed from the records; 60.4 per cent. lasted only one year, 72.9 per cent. lasted two years.

The large number of entrances is due to the fact that a retail grocery business can be started on a very small capital.

There is a very close correlation between the number of entrances into business in one year and the number of exits the following year. There is however little evidence to show that the number of exits from business in any one year has any effect on the number of newcomers in the following year.

There has been a decline in the number of entrances into the retail grocery business since 1923. This may be due to chain store competition.

169,000 Busy Miles



CHICAGO is 275 miles from St. Louis. But a busy shuttle of 169,000 miles of copper wire, in cable, brings them within minutes of each other by telephone. In all, the Bell System operates more than 60,000,000 miles of wire, of which more than 92% is in overhead and underground cables. This great network of wire, binding the whole United States into one compact, homogeneous neighborhood, alone represents a plant investment of over one and one-half billion dollars.

American Telephone and Telegraph Company Stock a Conservative Investment

The Bell System has shown every year

a continuous growth both in telephones and plant investment. Back of American Telephone and Telegraph Company stock is a total plant investment of over three and a quarter billion dollars. The Bell System is spending more than \$800 a minute night and day for plant and equipment. Rising costs are continually offset by intensive research and development.

The Bell System aims to provide for the nation a telephone service more and more free from imperfections, errors or delays and always at a cost as low as is consistent with financial safety.

May we send you a copy of our booklet, "Some Financial Facts?"

**BELL TELEPHONE
SECURITIES CO. Inc.**

195 Broadway



New York City

When writing to advertisers, please mention the Credit Monthly

His Important Function

(Continued from page 26)

cases where we have sufficient information and where it is deemed advisable, the eight standard barometrics and their weighted index, as established by the Robert Morris Associates, the group of bank credit managers whose banks are members of the National Association of Credit Men.

In handling a number of accounts it is quite a job to keep each customer's rating history right up to date. This is particularly important with us as we attempt to show as much credit information as possible directly on the customer's sales ledger card against which the orders are checked for approval.

Records Up to Date

Our customers' accounts are kept on a bookkeeping machine, and show at a glance: (1) the present amount owing; (2) the highest recent credit; and (3) by using a special character in posting cash, whether or not the customer is discounting his purchases. There is a place provided on this card for Dun and Bradstreet's ratings, as well as the credit limit. To keep these ratings changes up to date we have adopted a 3x5 in. card which we call a rating card. There is a rating card for each customer. These are filed in drawers, arranged in the same order as the agency books—that is, they are filed geographically by states, by cities, each city alphabetically by customers. When the new agency books are received, a girl is immediately put to work applying the new ratings on each card. If there is a change of rating either up or down the card is held out and placed on the desk of the Credit Manager, who then refers to the customer's ledger card and credit file, marking the new rating on the ledger card and making whatever investigation he feels is called for by the rating change. By following this condensing system we get as good a cross section of a customer's standing as can be obtained directly on the current record of his activities—his current account.

Our point of view as manufactur-

ers is naturally affected by the product involved. We distribute through our Southern office three distinct types of products:

(1) Canned syrups and molasses, distributed mainly through wholesale houses to the retail stores and retailed to individual consumers as a table product and for use in home cooking and baking.

(2) "Bulk" molasses, packed in barrels, halves and kegs sold principally to bakers and candy manufacturers.

(3) Low grade, imported molasses which is sold either in cargo steamers, tank cars or barrels, and sold direct to the users of this product.

In distributing our brands of canned syrups and molasses throughout the South we are confronted by two distinct situations: West of the Mississippi distribution is effected through large wholesalers (mostly operating branch houses,) who are as a rule well financed. The individual credits extended in this territory are consequently relatively larger. In the Southeast our problem is different. Here we find a larger number of individual distributors having a more limited capital investment and a territory where competition between wholesale grocers, old line,

The next step is a dictated letter to fit the special circumstances. If the account is large enough, we often have one of our division managers or someone from the office call on the customer and inquire as to the cause of the delay. It is our experience here in the South, that the best feeling between manufacturer and jobber is most likely to be maintained in that way. In the Southwest, however, we rely a great deal on our sales staff, both salesmen and brokers, to contribute from their knowledge and observation of the applicants in assisting us not only in handling collections but in the compilation of data in any of the credit phases.

In handling sales of molasses in bulk to the bakers' and confectioners' trade, our credit research methods are the same as for jobbers except that the redistribution angle does not enter—the molasses is bought for their own use.

The name of New Orleans has been associated far back into its history with "N'Yawlens" molasses. The pioneers used molasses in nearly all of their cooking. They put it in such dishes as dried apples, corn bread, cookies, cakes, pies and pud-

CITY		STATE															
NAME																	
		1925				1926				1927				1928			
DATE		J	M	J	S	J	M	J	S	J	M	J	S	J	M	J	S
DUN																	
BRAD																	
		1929				1930				1931				1932			
DATE		J	M	J	S	J	M	J	S	J	M	J	S	J	M	J	S
DUN																	
BRAD																	
		Changes Posted															

Customer's Rating Card. Actual size 3 x 5 inches.

and cash and carry, is perhaps relatively greater.

Territorial Differences

It follows that the handling of collections in these two territories would differ. With our Southwestern accounts, the Credit Department's contact can be very well established with the trade by correspondence. We use form letters to some limited extent, but they are individually typed and signed, and are not used after an account becomes thirty days overdue.

They used molasses in preparing baked ham. They ate it with cereals, griddle cakes and some of the hot breads. Every cabin, every covered wagon, had its keg of New Orleans molasses, and the molasses pitcher was always on the table.

In the South crushing time was like the holidays, something to which everybody on the plantation looked forward. Every one turned out to watch the 'lasses making. Great barrels of it were poured off and put in

(Continued on page 35)

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*at 5 o'clock
every day*
**Every Statement
Up to Date
!**

ACCOUNTS extended, ledgers in bal-
ance, statements up-to-date at closing
time each day . . . if you use a Remington
Accounting Machine. No end of the month
rush, no endless searching for errors, a
Remington charges, credits and balances
with unfailing accuracy. You know your
work is right.

More, a Remington Accounting Machine
permits posting ledger and statement to-
gether . . . *that saves time!* It heads its own
statement sheets and identifies entries in
detail . . . *that means clarity!*

In short, a machine that is almost hu-
man without human failings and frailties.
Send for literature describing this flexible
machine. Learn the services a Remington
Accounting Machine specialist can render
you. Not the slightest obligation involved
by you.

Remington Accounting Machine Division

Remington Rand Business Service Inc.

Buffalo, N. Y.

Branches in all principal cities

REMINGTON	KARDEX	RAND	SAFE-CABINET	DALTON	POWERS
KALAMAZOO	BAKER-VAWTER	LINE-A-TIME	LIBRARY BUREAU		

When writing to advertisers, please mention the Credit Monthly

Successful Remedy for Sick Retailers

By F. W. Black

Western Meat Company, San Francisco

BUSINESS SERVICE, — a phase of credit work to which the National Association of Credit Men has for several years given study,—has been, until recently, surrounded by an atmosphere of theory. The Association's Business Service Executive Committee spent three years in endeavoring to place Business Service upon a sound and

practical foundation. The subject has unlimited possibilities; and certainly the well being of the retailer,—who, in the last analysis is the outlet for the bulk of our commodities,—is one which challenges the consideration and attention of every manufacturer and wholesaler of merchandise throughout the country.

In China physicians are retained to

keep their patients healthy rather than to attend them when ill and this ounce of prevention method is the basic purpose of Business Service. Our Committee, however, has realized the magnitude of the problem and rather than approach it immediately in all of its phases has decided to differentiate between Preventative and Remedial Business Service, and to treat each of these separately.

Plans have been adopted for furthering Preventative Business Service in order that local Business Service Committees may become active and that Credit Managers themselves may be in a better position to give clinical advice and assistance to their customers. Unfortunately, however, we have with us many sick retailers whose business demise can be prevented only by prompt action. With this thought in view, our Committee is concentrating a large part of its effort on an expansion of Remedial Business Service methods upon a somewhat uniform basis throughout the entire country. It is therefore with the Remedial phase of the problem that this article will have to do.

Giving first aid to the sick retailer is a problem extremely difficult for the individual wholesaler. On the other hand a retail buyer, who might perhaps resent what he may term interference by one of his creditors, will give a responsive ear to such approach from all of his creditors acting as a unit. It is apparent that the local Association of Credit Men is the proper medium through which creditors should work in giving Business Service and consequently the Committee has drafted its plans upon the belief that the above statements are sound.

Before recommending a uniform plan, it was decided to make an experimental test in order that the actual results of Business Service might be determined after a fair period of demonstration. Several plans, all slightly different, were tried out in a number of cities and our Committee considered not only these plans but the results which had been obtained over a period of time.

Ask Those Who Use It

THE condition of
a company may
change overnight, due
to unforeseen circum-
stances. That's why
foresighted men buy
Credit Insurance!

**CREDIT INSURANCE
LONDON GUARANTEE
& ACCIDENT COMPANY LTD.**

Head Office: 55 Fifth Avenue, New York City

Oliver J. Matthews, Mgr. Credit Insurance Dept.

C. M. Berger, United States Manager

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It was the unanimous opinion that the plan as operating in the San Francisco Association had produced the most effective results and consequently should be adopted by all units of the National organization. Following is a brief résumé of the plan:

The Approved Plan

The local Business Service Committee is selected with a view to securing members representing all lines of business. In San Francisco the Committee is composed of the chairmen of twenty-two local trade groups operating in that city. It has been found from practical experience that the majority of cases on which Business Service is desired are reported from the local trade groups themselves.

If any creditor feels that a particular account warrants an investigation for the purpose of applying Business Service, a request to this effect is made to the office of the local association secretary. The secretary immediately refers to his Interchange report and circularizes all interested creditors asking whether they desire to participate morally and financially in giving concerted Business Service. In the event that replies from creditors indicate a desire for an investigation, the matter is immediately referred by the secretary to a Business Service expert whose full time is devoted to this work.

This expert is a man well versed in retail business and ably qualified to make an extensive survey of the particular subject. He is, however, supplied with a questionnaire form covering every angle of the merchant's business. The information called for on this form is secured and also any other information which may assist the creditors in determining a course of action.

After the Business Service expert has completed his investigation, the results of his findings are laid before the creditors in a specially called meeting. The report is prepared and sent to creditors several days prior to the meeting. At the meeting itself the facts in the case are discussed at length and definite recommendations for the particular subject adopted by the creditors. These recommendations are then conveyed to the merchant through the secretary's office.

In the majority of cases it has been found that such recommendations are

followed, for the retail merchant realizes that his creditors are acting in unison and that if he does not follow their recommendations the possibilities of his securing further credit are doubtful. He also realizes that failure to accept the recommendations may result in his affairs being taken over by his creditors either through assignment proceedings or an involuntary petition in bankruptcy.

One of the usual stipulations in the offering of Business Service is that the merchant supply his creditors periodically with a full statement of his financial condition and a carefully itemized statement of operation together with inventory figures.

The cost of conducting the Business Service investigations is borne by creditors upon a pro-rata basis. In the experience of the San Francisco Association the per capita charge for this service averages \$2.65 per creditor, merely a nominal charge in view of the splendid results attained.

Forty cases have already been handled in San Francisco and the number being received has increased to a point where it is now possible to reduce expense by working out for the Business Service expert a definite itinerary. Such procedure is now in actual operation and will unquestionably reduce the per capita charge.

IRVING Trust Company NEW YORK

Statement of Condition, December 31, 1928

RESOURCES

Cash on Hand and Due from Banks	\$137,621,077.42
Exchanges for Clearing House	189,499,987.02
Call Loans, Commercial Paper and Loans eligible for Rediscount with Federal Reserve Bank	199,070,088.07
United States Obligations	30,051,245.30
Short Term Securities	37,223,266.91
Loans due on demand and within 30 days	105,849,406.72
Loans due 30 to 90 days	67,401,644.48
Loans due 90 to 180 days	38,886,322.85
Loans due after 180 days	2,128,338.58
Customers' Liability for Acceptances (anticipated \$2,972,149.80)	57,715,393.56
Bonds and Other Securities	16,116,227.46
New York City Mortgages	12,579,240.00
Bank Buildings	996,161.52
	\$895,138,399.89

LIABILITIES

Deposits	\$611,151,282.33
Official Checks	123,304,141.63
Acceptances (including Acceptances to Create Dollar Exchange)	60,687,543.36
Discount Collected but not Earned	1,260,351.88
Reserve for Taxes, Interest, etc.	3,251,117.79
Dividend Payable January 2, 1929	1,400,000.00
Capital Stock	40,000,000.00
Surplus and Undivided Profits	54,083,962.90
	\$895,138,399.89

When contemplating this plan, several doubting Thomases expressed the belief that such action on the part of creditors would be received with considerable resentment on the part of their customers. In actual practice, however, it has been found that exactly the reverse is true. In the large majority of cases the customers have not only expressed a desire to co-operate fully but have welcomed the recommendations of creditors and fully realize that this action may be a means of not only saving their businesses, but placing them upon a sound financial footing.

Advantages to Creditors

From the creditors' standpoint, the advantages are many. (1) The creditors are often able to save a dying business and thus reduce the large loss not only through bankruptcy procedure but through the immense turnover in customers. (2) In individual cases they are able not only to collect their accounts in full but to put the customer upon such a sound footing that he is transformed from a slow payer to one who discounts. (3) Where an investigation reveals the fact that the business of a merchant

is in such a precarious condition that it could not possibly be revived, prompt action in liquidating makes possible a considerable saving which would be otherwise lost were the merchant allowed to drift until his assets had been in large part dissipated.

From the associations' standpoint the advantages are also present. Through an active Business Service Committee and active Business Service work, the local association is improving and expanding its Service to members. Already in San Francisco applications of a number of new members have been received as a result of Business Service activities.

From the foregoing it would seem obvious that Business Service in its practical form is one of the most forward steps taken by our Association nationally and locally in many years.

J. M. Rust of the Union Oil Company, Los Angeles, Chairman of the Committee, as well as its members, feel that the adoption of this plan will add materially to the effectiveness of not only the Credit Manager himself but of the local association.

The fact must be considered, however, that local associations vary in size and the procedure in a city of

half a million people may not be practical in a smaller community. A smaller association may not have sufficient work or sufficient means to warrant the retaining of a full time Business Service expert. In such associations, however, it should be possible for the secretary himself to handle some of the Business Service cases and by looking over the field it might also be possible to retain a part-time man who would qualify to handle the work.

Local associations are to be supplied with a résumé of the plan in detail, together with a copy of the form of questionnaire which has been successfully used.

The National Association has always stood for constructive and progressive credit work and our Committee is confident that local associations with the support of their members who in the aggregate represent many thousands of firms throughout the country, will realize the importance and advantages of practical Business Service by putting their shoulder to the wheel in furthering an activity which so clearly and appropriately typifies the sense of the slogan of one of our leading Service clubs—"He Profits Most Who Serves Best."

Trust Co. as Receiver

(Continued from page 11)

the present scandal—I am doubtful as to whether this system will prove as satisfactory to business men as liquidations carried on under the auspices and through the instrumentality of their own organizations.

"I sincerely hope that this action on the part of the judges in the Southern District of New York will not result in any lessening of interest which credit managers throughout the country have displayed in establishing their own adjustment and liquidation bureaus.

"The results achieved by the adjustment bureaus affiliated with the National Association of Credit Men and similar bureaus operated by responsible trade associations in different lines of industry, have demonstrated conclusively that such organizations are well qualified to protect the interests of creditors.

"It is my opinion that a concerted movement should be inaugurated by the creditor interests in large cities

(Continued on page 42)



FIDELITY BONDS on your employees give them a keener appreciation of their worth and make them better employees. They are badges of distinction that not every one can wear. It will pay you, all aside from the protective feature, to investigate their economic value.

Our agent in your city will be glad to give you the facts—without obligation.

**United States Fidelity
and Guaranty
Company**

BALTIMORE

MARYLAND

Over 8,000 Branches and Agencies in United States and Canada

When writing to advertisers, please mention the Credit Monthly

His Important Function

(Continued from page 30)

the plantation storehouse for the winter, to become one of the outstanding factors in the Southern cooking that has been the subject of fame and story. It is the tradition of this plantation syrup that is preserved, in the canned molasses and syrup of today.

Except for the Barbados (which produces a molasses of entirely different characteristics) the "Sugar Bowl" of Louisiana is the only place in the world in which high grade molasses for table and baking purposes is commercially produced. Second molasses can again be put through the house and a third sugar "strike" made with the resulting "blackstrap" molasses from which it is not commercially profitable to make further extractions of sugar. It is this low grade, or blackstrap molasses, which is imported in large quantities from the West Indies.

Diversified Uses

To my astonishment a friend of mine, with whom I was talking recently, was amazed to learn that millions of gallons of low grade West Indies molasses are used annually by the manufacturers of industrial alcohol. He was also surprised when I told him that many of the blackstrap sales recorded in our Credit Department files are to manufacturers of mixed cattle feed and that blackstrap molasses was the raw material for vinegar manufacture, was used in foundries, tanneries, and had many other uses.

Our credit problem in handling blackstrap is of course vastly different inasmuch as it is a product which is distributed on a cash basis. When sold in tank cars, it is shipped to the trade sight draft, bill of lading attached, and in cargo lots it is customary to secure payment of 90 per cent. of the value of the cargo as the tank ship begins to discharge at the wharf. As it is the custom in the trade to buy in large amounts, in dealing with large commitments, (on the basis of today's market the value of a cargo is between \$70,000 and \$100,000) the Credit Department must assure itself that the buyer's responsibility is such that he will discharge his obligations under the sales contract.

Although molasses and syrup have

been among the important products of South Louisiana, the credit conditions of the grower and producer have been favorably affected by the rejuvenation of the sugar industry within the last two years through the introduction of a new variety of cane, known as the P. O. J., which was brought in from Java in 1925. From our relations as buyers with the planters and producers we cannot help but comment on the generally improved feeling which this new cane, with its more virile characteristics, has brought. While the results might not make themselves felt financially during the present season, due to the exceedingly low price of sugar, this does mean the restoration of cane sugar to its place among our important national crops. This feeling of confidence is strengthened when we consider the additional investment which has been put into the industry this year in the shape of both extensive repairs and new machinery and equipment.

The discovery of a profitable outlet for bagasse (the cane stalk after the juice has been crushed from it) will also react favorably, as it means a return greater than its fuel value to the mill operator.

I am going on the premises that any additional income for the planter in any locality reacts on credit conditions in the long run, to however slight or appreciable a degree, and that opportunity for augmented crop yield gives its harvest in hope and good feeling as well as in actual money produced.

Tax Opinion

The Court of Appeals of the District of Columbia has just handed down a decision (reversing the decision of the Board of Tax Appeals) to the effect that the Commissioner of Internal Revenue loses his power to assess income and profit taxes at the expiration of five years after the filing of a return, and his power may not be revived by consent of the taxpayer unless that consent is given before the five-year term has expired.

The case referred to is the Floral Co. of Nashville, Tennessee, against the Commissioner of Internal Revenue.

Cash Only

The Fireman's Fund Record has found in an advertisement in a Wills Point, Texas, newspaper the following poem on, or rather against, credit:

I will crank your Ford or hold your baby, but I sell for cash and don't mean maybe.

When writing to advertisers, please mention the Credit Monthly

The staggering total of wasted minutes

Check the time squandered in your own company on the "Buzz and Wait" plan.

Then think what it would mean to provide Ediphones, instantly ready for dictation, every minute of the business day.

Your company gains an hour a day for the average dictator. Two hours a day for every stenographer. Ediphones pay dividends from the first minute.

Let us prove this at your desk. Telephone "The Ediphone," your City, and ask for the book "An Easy Way to Chart Your Correspondence."

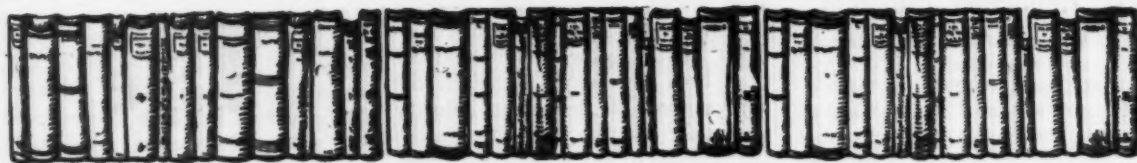
Ediphones Personalized in Colors

THOMAS A. EDISON, Inc.
ORANGE, N. J.

World-Wide
Service

Ediphone
Edison's New Dictating Machine
Sales and Service in all principal cities
LONDON OFFICE:
Victoria House, Southampton Row





The Business Library

By Frank A. Fall, Litt.D.

Director of Education and Research, National Association of Credit Men

New Credit Correspondence Text

CREDIT AND COLLECTION CORRESPONDENCE. James H. Picken. A. W. Shaw Co., Chicago. 1928. 388 pp. \$6.00.

In studying this new text, whose author is a lecturer on advertising in the School of Commerce of Northwestern University, one is impressed first of all with the careful way in which the ground is prepared by a general discussion of credit problems.

In his first chapter, for example, Mr. Picken defines credit, discusses the relations between credits and collections, presents a Dun tabulation on commercial failures in the United States and quotes Bradstreet's analysis of the causes of failures. He outlines certain procedures that tend to eliminate credit and collection problems, sets forth the advantages of credit, describes the function of letters in credit work, and sets up standards for judging credit and collection correspondence.

Mr. Picken suggests ten questions which may be used as a sort of check or guide:

1. Is the physical make-up of the letter attractive?
2. Is the letter properly addressed?
3. Is the letter timely?
4. Is the style simple and clear?
5. Will the reader find in the letter all of the facts necessary to permit sensible judgment and action?
6. Have obsolete phrases and appeals been avoided?
7. Does the letter maintain the seller's dignity?
8. Does the letter cater to the self-respect of the reader?
9. Are the arguments used in the letter sound business?
10. Has every effort been made to accomplish the purpose of the letter without further correspondence?

Chapter II on "The Credit Problem" and Chapter III on "Credit Department Letters" complete Part I of the book. Part II has the general heading "Collection Letters" and consists of nine chapters. Part III, "Collection Methods and Policies," has six chapters, applying specifically

to collections made by manufacturers, wholesalers and retailers, the collection of service accounts, collection department organization, and foreign collections. Part IV, "Special Collection Methods," comprises two chapters, "The Collection Agency" and "Personal Collection Methods." There is a brief bibliography and an adequate Index.

As for letter forms, there are 164 reproduced. The style is notably attractive, as each letter is set off by special rules, and the face used is "typewriter," giving the effect of a letter typed in "elite," slightly reduced. In addition to the 164 letters, the text supplies 24 special forms and four charts. The latter cover an organization plan of a credit department; the sources of credit information; types of debtors, with suggested appeals; and steps in the collection process.

The present reviewer, being somewhat "hard-boiled" in regard to the blurbs that appear on book jackets, takes all publishers' ballyhoo with more than a grain of salt. This time, however, the jacket statements are well within reason, and it is only fair to concur with the publisher's own characterization: "Right out of the tested experiences, the actual credit files of thousands of successful firms all over America, there has come this convenient, thoroughly indexed manual that helps to speed up collections, brings delinquents to time, and puts dead money to work."

More Help for Our Retail Friends

RETAIL CREDIT PRACTICE. John T. Bartlett and Charles M. Reed. Harper and Brothers, N. Y. 1928. 377 pp. \$4.00.

This volume represents a collaboration between the manager of Bartlett Service and the general manager of the Denver Retail Credit Men's Association, who is also a lecturer on Credit Management in the University of Denver. A Foreword is supplied by D. J. Woodlock, Manager-Treasurer of the National Retail Credit Association.

Evolution, Mr. Woodlock suggests in his Foreword, may be clearly seen at work in retail credit methods. It is only recently that the professional credit man has come to be an important, recognized figure in retailing. The elements of credit control are securing wide recognition. Credit efficiency indicia by trades have come to exist in important volume. Performance standards are being set up. It has been discovered that sound credit involves regard for store finance, and that psychological skill in the credit man is a prime requisite.

At the outset, the authors indicate the place occupied by credit in modern retailing, and then outline what they regard as the proper control policies to be followed. They next discuss collection percentages, bad debts and other credit efficiency indicia; the function that should be performed by sales terms; the place of local bureaus in retail credit; and general characteristics of the credit manager and his organization.

Beginning with Chapter VII, credit routine is followed along from step to step, from the taking of the application to a chapter significantly entitled "Last Reports." Special chapters cover such subjects as getting new accounts and more business from old accounts; instalment collections and re-possession; credit frauds, and safe methods with checks; returned goods, complaints and miscellaneous problems. The concluding chapters deal with "Educating a Nation in Right Credit Habits."

From where we sit there is scarcely a bigger problem to be seen than "Educating a Nation in Right Credit Habits." In their chapter on that engaging subject Messrs. Bartlett and Reed give a detailed account of the movement among retailers to educate the public, by means of newspaper advertising campaigns, to meet its retail accounts with promptness.

Credit educational advertising, as described in Chapter XXV, is designed to accomplish these purposes:

1. Show the value of a reputation for prompt pay.

2. Show the disadvantages of a reputation for poor paying habits.

3. Encourage families to budget income and establish a routine for regular prompt payment of bills.

4. Explain intimately the credit bureau system of exchange of credit information.

5. Show how dilatory payment is unfair to other customers who bear a proportionate share of the cost.

6. Remind consumers, on the 9th and 10th, of obligations due.

7. Show how credit standing contributes to promotion in employment.

8. Publish facts which may correct specific bad credit habits, including short checks, promiscuous return of merchandise, and the like.

9. Reach with appeals susceptible and important special groups, such as wives (in so many cases the financial head of the family), and young men just starting out in life.

A Thrust at Modern Sales Methods

MARKETING AND ADVERTISING. Floyd L. Vaughan, Princeton University Press, Princeton, N. J. 1928. 255 pp. \$2.50.

With a well-chosen piece of brick in his boxing-glove, Mr. Vaughan steps up and takes a lusty crack at the high-pressure advertising and marketing methods that are in vogue today.

Modern marketing, says Mr. Vaughan, costs too much, and takes too large a share of the consumer's dollar. It is characterized by an "acquisitive attitude," which is the antithesis to the social. The manifestation of this attitude is the effort to secure a pecuniary gain without the performance of any economic service in return. An acquisitive practice, such as monopoly or unfair competition, leads to a different distribution of wealth but no creation of additional utilities. It therefore conflicts with social or public welfare.

How should acquisitive practices be curbed? First by preserving and promoting fair competition; thoroughly enforcing the Sherman, Clayton and other acts against industrial monopoly. Next by modifying the tariff. There should be, says Mr. Vaughan, no tariff on those products in the manufacture and sale of which this country is unquestionably less efficient than foreign nations. Then regulate trading in futures, eliminating the incompetent trader and requiring larger margins from outsiders. Finally, by fighting false and misleading advertising.

Only the education of the consumer, the author continues, and the development of individual resistance to the psychological appeals of salesmen and advertising can effectively check the exploitation of his present weakness as a buyer. The recent exposure of the inflated values of certain articles has led many purchasers to doubt the subtle claims of various manufacturers.

(Continued on page 42)



La Salle Street, Chicago
looking North from Jackson Boulevard



**Writes Bright Blue
Turns Jet Black
NEVER FADES**

INK that FADES

**-Has
NO BUSINESS
in Business**

*That's Why Important
Records are Usually
Written with*

SANFORD'S PREMIUM WRITING FLUID

"The Ink That Has Defied Time for 70 Years"

The Big Point

with credit men is not

"Is he insured?"

but

"How is he insured?"

Dependable insurance, based on keen underwriting judgment, is offered by the three companies of the Aetna Fire Group—

Aetna Insurance Company

The World Fire and Marine Insurance Company

The Century Indemnity Company

of Hartford, Connecticut



When writing to advertisers, please mention the Credit Monthly

Production

(Continued from page 17)

cial structure must be sufficiently elastic to make this possible. A certain type of mortgage bond may tie the hands of the management when further financing is necessary. Production is not merely dependent upon capital, and capital is not merely dependent upon credit, but the nature and conditions that surround investment credit have much to do with management, output and profit.

Bank Credit

Bank credit exists to meet the short time requirements of business, particularly the requirements that have to do with seasonal demands. Generally speaking it would not be good economy for a manufacturer or merchant to have sufficient capital to meet seasonal purchases, for this would mean a loss of income on idle funds for a considerable portion of the year.

Although the forces affecting security are about the same in bank and mercantile credit, there remains a fundamental difference between the two. One of our leading economists, Chester Arthur Phillips, emphasizes this point in his book "Bank Credit," page 3:

"The banker and the wholesaler and jobber are about equally concerned with such matters as the ratio of quick assets to current liabilities, net worth, the moral hazard, etc. Both the banker and the business man who sells on credit, tap substantially the same sources of credit information. Methods of investigating the credit risk are substantially the same. In collecting credit information the trade relies heavily on the banks and the banks rely heavily on the trade.

"The essential difference between bank credit and commercial credit lies in the degree of certainty of payment. The banker's percentage of profit is so small in comparison with the profit of the merchant or manufacturer who extends credit to his customers that the banker is compelled to take greater precaution concerning repayment of a loan than is the business man in regard to payment for wares sold.

"The mercantile credit man considers himself fortunate if the losses of his house do not exceed 1/4 or 1/3 of one per cent. of his total sales. The banker, whose discount is small in comparison with the profits of the merchant, regards as serious the loss of even 1/100 of one per cent. of his turnover."

One of the foremost problems of the producer is that of slow pay accounts. Evidently one of the essential requirements of modern business is the creation of a strong collection organization. This is as important as the making of sales, especially because of the part played by credit in business of today. Very often the Credit and Collection Department is not appreciated as a necessary funda-

mental part of a business; very often this department is quite overlooked from the point of view of training and inspiration. This is admirably brought out in a recent credit treatise, "Credit Management," by Emery E. Olson and J. W. Hallman, page 244:

"Much stress is usually laid by sales managers upon inspiring salesmen, but the truth is that the skillful collector requires as much inspiration, as much encouragement and support, and as many good qualities as a good salesman. It may be safe to go a step farther and say that the skillful collector needs even more tact and good judgment than the salesman. The salesman is usually helped by the attractive or useful commodity he shows, or by the demand existing with the prospect, but the collector has no such aids. The prospect with whom the salesman deals is in the mental attitude of one who is to receive something in materials or service, but the prospect with whom the collector deals is always in the mental attitude of one who is parting with some of his possessions. There is a vastly great difference between talking a man into receiving something, and talking him into parting with something."

Abuse of the cash discount privilege is another nightmare of the Credit Manager. Fundamentally, this problem grows out of competition, that is the fear of losing business through strict adherence to stated sales terms. There is but one way of meeting this problem, and that is by the exercise of unflinching courage. Every business man has to uphold the ethics of his business—of his profession, otherwise order will be changed to chaos, and cleverness and cunning substituted for integrity. Competition in terms rather than in quality of goods is as destructive to the producer and distributor as the abuse of the cash discount problem. The rules of the game are established for both the players and spectators, for business men as well as the public. Abuses destroy confidence, lead to destruction retaliation, weaken credit, increase losses and handicap progress through co-operation.

It must always be remembered that in reality goods are not entirely produced until they reach the hands of the consumer; that the wholesaler and retailer are a part of the productive system. Distributors did not come into existence merely for selfish reasons; they do not add something to the cost of commodities in order that a profit may be made. Merchants are a part of the machinery necessary to bring the commodities from the forests, mines, farms and manufacturing plants and put them in the hands of the consumer. Their activities are just as productive as those of the lumberman, miner, farmer and manufacturer.

Every Ship Carries Insurance

Every ship sailing the seas carries a qualified captain and certified navigation officers, yet the ship and its cargo are insured against catastrophe.

The credit man of a manufacturing or wholesaling establishment, like the captain of a ship, is perfectly capable of guarding against all dangers which can be foreseen.

It is the unforeseen which brings disaster. A National Policy of Credit Insurance is the guarantee which converts your outstanding book accounts into certain assets.

National Surety Company

Wm. B. Joyce, Chairman
E. M. Allen, Vice-President

E. A. St. John, President
W. L. Clemens, Asst. Vice-President

115 Broadway, New York
Agencies in All Principal Cities

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Reinforcement of Credit

(Continued from page 13)

unless there is adequate financial provision to meet all contingencies.

It is important that all creditors remember that business life insurance belonging to a debtor company will be available to creditors *regardless of any manipulations engineered to put it beyond their reach.*

In judging the credit standing of any business the element of credit reinforcement through life insurance should be one of the most important facts to be considered.

The major use of life insurance for the direct or indirect benefit of any business is, then, credit reinforcement. The human asset as a factor in credit is more valuable than any collateral. Many businesses fail when death removes that human asset. The competent executive who is responsible for the debtors' list of his firm will make sure that the human element is properly covered by insurance.

The first question the credit executive very properly asks, when he passes upon a new account or analyzes an old one is this: "Is the basic credit structure of this business fundamentally sound?"

He will reach an answer to this question by determining if the credit reinforcement of the company is sufficient, if the amount of protection on the proper persons is right, if the policy form, premium payments, assignments, cash values and taxation considerations conform to the accepted standards. If these tests are satisfied, the credit reinforcement would be considered adequate. With this basic requirement determined, the credit executive would then be ready to go on to property values, terms of payment, etc.

Besides the element of credit reinforcement there is another very important psychological significance of life insurance to be weighed by the creditor.

When it comes to extending credit, the Credit Manager, responsible for the final decision, usually comes to certain conclusions about the applicant's reputation, appearance, financial standing and his past record of meeting obligations. The credit analyst probably asks such questions as these: Has the creditor ability, control, experience, forethought? Are his habits of life normal? Is he pro-

gressive and likely to keep up in the race with his competitors? Is he erratic or are his habits fixed and his purpose in life well defined? And many other questions of similar import might be added to these.

There is no doubt that a careful and detailed inquiry into the insurance a man carries will in most cases shed upon each of these questions light that will enable the credit executive to reach an accurate decision.

Has He Forethought?

If investigation reveals that the man has properly protected his family with life insurance, it is a fair indication that he will look after and protect important details of his business. In seeking this information, suppose the credit analyst asks how much insurance the prospective creditor carries, of what kind, and for how long it has been carried, how his policy obligations have been met, in what companies it has been taken out, and whether it is for the protection of his family or business or both?

Could there be found anywhere a better evidence of the workings of that man's mind, of his habits, his sense of responsibility, and a revelation of those qualities that will characterize him as a good or bad credit risk, than in the answers to these questions?

Would credit analysis be truer if less emphasis were put upon a man's financial ability to pay and more emphasis upon the traits that bring out *his determination to pay?* Can property qualification ever be as important as personal qualification?

Whatever answers the credit fraternity might give to these questions it is certain that in the life insurance habits of a man will be found a reflection of the all-essential personal qualifications. Property qualifications may be swept away but personal qualifications will not change. Only death removes their value, and insurance provides a protection against that contingency.

It seems entirely probable to me that the combined records of life insurance companies, showing the amount of life insurance in force, the time it has run, the sums borrowed, and how the payment obligations have been met, would afford one of the best available general credit rating indexes. There is perhaps no one line of inquiry that would come as near to showing a man's ability and deter-

(Continued on page 41)

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From
coast to coast
20,000
Aetna-izers
are ready to
serve you

See the Aetna-izer in your community—he is a man worth knowing.

AETNA-IZE

The Aetna Life Insurance Company • The Aetna Casualty and Surety Company • The Automobile Insurance Company • The Standard Fire Insurance Company of Hartford, Connecticut, write practically every form of Insurance and Bonding Protection.



Answers to Credit Questions

National Association of Credit Men

One Park Avenue, New York

Trade Acceptances

Q. If a bank receives an acceptance bearing the following statement and fails to collect it, and the acceptor is thereafter adjudicated bankrupt, is the bank liable to the holder of the acceptance for failure to honor it?

"The bank named herein is hereby directed to pay the amount of this acceptance at its maturity and is authorized to charge said amount to the account of the acceptor without notice or further instructions."

A. The answer is to be found in Section 127 of the Uniform Negotiable Instruments Law, to the effect that a bill of exchange (within which classification a trade acceptance falls of itself does not operate as an assignment of the funds in the hands of the drawee (i.e. the bank) available for the payment thereof, and the drawee (i.e. the bank) is not liable on the bill unless and until he (or it) accepts the same.

It is well settled that the holder of a negotiable instrument such as that submitted has no cause of action against the bank upon which it was drawn, for failure to honor it.

Canadian Winding Up Act

Q. Kindly explain the meaning of a Canadian legal term known as "Winding Up Act" in chapter 213 of the Revised Statutes of Canada?

A. The Canadian statute known as the "Winding Up Act" is Chapter 213 of the Revised Statutes of Canada, page 4141. It provides for the liquidation by liquidators appointed by the Court of corporations incorporated by or under any act of the Parliament of Canada or of the late Province of Canada, or the Provinces of Nova Scotia, New Brunswick, British Columbia and Prince Edward Island, and whose incorporation and affairs are subject to the legislative authority of the Parliament of Canada; also to incorporated banks, savings banks, incorporated insurance companies, loan companies having borrowing powers, building societies having capital stock and incorporated trading companies doing business in Canada, wheresoever incorporated, and which are

As To Legal Advice

THE National Association of Credit Men supplies answers to credit questions and some of the answers, of general interest, are printed regularly in the Credit Monthly. Advice cannot be given, however, regarding legal rights and liabilities. Such advice should be obtained from an attorney to whom all the facts should be stated. When such inquiries are received, information is furnished only as to the general principles of law involved.

—E. P. P.

(a) insolvent; or (b) in liquidation or in the process of being wound up, and where on petition by any of their shareholders, creditors, assignees or liquidators, such corporation asks to be brought under the provisions of the Act. It does not apply to building societies with no capital stock, nor to railway or telegraph companies.

The statute is separate and distinct from the Canadian Bankruptcy Act which is Chapter 11, Revised Statutes of Canada, page 61.

The Winding Up Act is similar to the American Statutes for the voluntary or compulsory dissolution of corporations, except that it provides a more complete system of liquidation and administration than any American Statute that we have ever seen.

Conditional Sales

Q. Would a tax lien be a preferred claim on merchandise sold on a conditional sales contract which has been duly recorded according to law?

A. We assume that the taxes referred to are owned by the conditional buyer. If so, in our opinion, no lien for taxes can attach to the property and this would be so whether or not the buyer was in arrears for taxes at the time the contract was signed or not. The reason for this opinion is that the conditional sales laws usually provide that if the contract is filed it is good as against all the world which would include the Government or Municipal corporation.

Assignment of Account

Q. A member criticises the form on page 379 of the 1929 Credit Manual of Commercial Laws which is a form of an assignment of account. The member states that where an assignment of account is taken as security, it seems improper that the assignee shall agree to keep the assignor forever harmless from all cost or charge for and from the expense of collection of the account sold and assigned.

A. The form referred to is not a form which is intended to be used where the account is assigned as security. It is intended to cover an outright sale and transfer of an account receivable. Where an assignment is taken as collateral security, the following form is suggested:

This Indenture made this day of 19...., between of on the one part, and of on the other part,

WITNESSETH:

WHEREAS the said party of the first part is indebted to the party of the second part upon an account which becomes due and payable on the day of 19...., said party of the first part, in consideration of the premises and for the purpose of securing payment thereof, does by these presents assign, transfer and set over to the party of the second part all his (its) right, title and interest in and to the accounts receivable, due and owing to the party of the first part from sundry persons, firms and corporations, as per schedule hereto annexed and made a part hereof. The party of the second part is hereby authorized and empowered to collect the said accounts receivable described on the annexed schedule, and to apply the proceeds thereof to the payment and satisfaction of the aforesaid debt, after deducting the necessary costs and expenses, provided however, that the surplus if any, shall be repaid to the said party of the second part.

IN WITNESS WHEREOF, the parties hereto have hereunto set their hands and seals the day and year first above written.

..... (L. S.)
..... (L. S.)

Reinforcement of Credit

(Continued from page 39)

mination to meet obligations and keep promises, particularly if the man has reached middle age and been engaged in business for a number of years.

The psychological aspect is certainly one of the most important elements involved in credit transactions. Life insurance will serve as an indicator pointing to certain evident psychological facts. As such it becomes a tool, an index, a guide, that no credit executive can afford to neglect.

Space precludes discussion of the value of life insurance as a factor in credit, when carried for the express purpose of protecting estates against inheritance taxes.

Life, after all, is the only thing of value in the world.

To life insurance, life is the magician that fills an otherwise empty and meaningless world with light, power, hope and laughter; it is a glorious dream come true, a flower that blossomed after a billion years of preparation and struggle. The physical life of each generation ends, but, through the scientific service of life insurance, the power of each generation is transmitted, and with each life cycle, power increases until, even now, translated into the dollars that so powerfully influence conditions of living, it surpasses any other single human enterprise.

The Moral Idea in Business

THE Credit Protection Fund of the N. A. C. M. is in the interest of the best there is in American business. It is for the purpose of insisting upon respect for law, of upholding the moral idea in business. Our purpose is to make American trade clean, upright, an outstanding example to the traders of all the world. If we can succeed in sowing strong, enduring qualities of sound morality in business the future is even brighter than any of us might anticipate it to be."

William A. Prendergast.

The Credit Crook's Racket

TRAILING the Credit Crook's Racket" is the title of an article by Stephen I. Miller, Executive Manager of the National Association of Credit Men, on the subject of the second Credit Protection Fund Drive, in the February issue of the Nation's Business.

Our Foreign Trade

THE outstanding feature of our international business last year was the development in the export of our manufactured products to the preponderating portion of 70 per cent. of our export trade, declares James A. Farrell in his call for the Sixteenth National Foreign Trade Convention, at Baltimore on April 17-19. He also strongly commends the "very encouraging progress both in exports and imports in our trade with Latin America in recent years."

LISTO

PENCILS and LEADS

Combine Economy and Efficiency

LISTO PENCIL CORP., Alameda, Calif.

HELP WANTED

CREDIT MEN between 25 and 50, double income within 2 years in life insurance business with Dunsmore Agency, Suite 3211, 120 Broadway, New York City. Opportunity, now open, for 2 men who are now engaged; possible drawing account. It will pay you to 'phone Mr. Collier or Mr. Dorr for an appointment, Rector 6171. College men preferred. cr. 21

IS a Past Due Account an Asset?

At best, it is a Depreciating Asset—
an Increasing Liability.

Do you realize that the losses from
bad accounts can be minimized—and
needless credit worry eliminated?
The answer is

American Credit Insurance

which not only *protects* your book
accounts against bad debt losses of
every size and description, but also
prevents losses, through our superior
Collection Service.

Send for our representative. He will explain fully the scientific application of American Credit Insurance to *your* individual business, based on a comprehensive experience right in your line. Our service is for the Credit Departments of Manufacturers and Jobbers.

The AMERICAN CREDIT-INDEMNITY Co.

OF NEW YORK

J. F. M'FADDEN, PRESIDENT

Offices in All Leading Cities

New York, St. Louis, Chicago, Cleveland, Boston,
San Francisco, Philadelphia, Baltimore, Detroit,
Atlanta, Milwaukee, etc.

In Canada—Toronto, Montreal, etc.

NR 122

When writing to advertisers, please mention the Credit Monthly

MR. CREDIT MANAGER



If your city should be
wiped out tonight you
would expect your losses
to be paid promptly,
cheerfully and in full.

When San Francisco
was destroyed by fire
and earthquake in
1906 the Fireman's
Fund Insurance Com-
pany settled losses in
excess of \$11,000,000.



FIREMAN'S FUND INSURANCE COMPANY

Established 1863

Assets in Excess of
\$33,500,000

Business Library

(Continued from page 37)

As people learn more of the psychology and expense of advertising and of the constant margin between the cost of manufacture and the retail price, they will employ different standards in appraising the value of commodities. As a result, advertising of an acquisitive nature, having lost much of its appeal, may be discontinued.

Instalment selling, in Mr. Vaughan's opinion, presents danger to the business man, the consumer, and the public generally. The judicious purchase of production goods, he says, presents no specific danger, as these goods themselves assist in providing the means of payment. His attack is directed chiefly at the deferred payment plan as applied to consumption goods, and particularly to goods whose value greatly declines immediately after consumption begins. This has, of course, been the attitude of the National Association of Credit Men for many years.

So long as prosperity prevails, says Mr. Vaughan, the instalment plan may work well enough when applied to consumption goods. But the moment a disturbance in industrial society occurs, it will mean, he believes, the inability of one group to pay; this in turn will affect other groups and "thus the circle leading to depression must occur."

For "must," we should be disposed to substitute "may." For three or four years the spotlight of publicity has been centered on instalment selling. Many weaknesses in the system have been eliminated. Instalment credits are being more carefully scrutinized. There is today a marked trend toward increasing the required initial payment, and shortening the spread of the time payments. In our opinion, instalment selling is now under fairly effective control, and the danger of its leading to a serious business depression is, to say the least, remote.

Trust Co. as Receiver

(Continued from page 34)

to establish organized adjustment and liquidation agencies in every line of industry.

"I feel that as a result of the designation of the bank as quasi-official receiver in New York, desperate competition will result between attorneys who have been eliminated from representing the receivers, with a view to controlling the determination of a trustee.

"To meet this situation, it is incumbent upon the creditor interests of the city to take stock of their resources at once, to amalgamate and expand the existing agencies, so that

they will be able to control the election of a trustee and prevent the trusteeship from becoming the prey of irresponsible collection agencies and lawyers."

Instalments

When high potential advertising came And told us that, for asking, any one Could have whatever he, or she, might want

By partial payments down and thence by month,

I thought at first this meant a war on thrift,

And in a sense it did. But when I saw

That men of little energy or none Were drawn in debt which work alone could pay

And saw that those who would not work for gain

Would labor hard when threatened with a loss

Of that obtained by going into debt, There came to mind a certain well known truth

The force of which I had not realized;

A lazy man will not exert himself For anything beyond his reach

But he will strive to keep and even waste

Whatever he may easily obtain.

Thus, thrift is fully recompensed, because,

'Tis better far to work and then to waste

Than never work at all.

R. J. McCarty.

Kansas City.

The Sympathy Racket

"THE sympathy racket is worked to death in this country and often extends to bankruptcy cases," said U. S. District Attorney Hubert C. Thompson in a recent address to the Boston Credit Men's Association.

"If we are to have a law-abiding country, safe for business which is to come after us, the general public must be brought to realize the seriousness of law breaking in business matters and the seriousness of concealing one's knowledge of such proceedings, just because they don't happen to touch us individually."

Court Decisions and Washington Notes

Formerly Distributed as the Vigilantia Bulletin by the National Association of Credit Men

Banking and Banks

NOTES

Held that a stipulation in a promissory note that if it be collected by attorney or legal proceedings, an attorney's fee of a stated per centum, in addition to the expenses incident to collection, shall be collected as part of the note, is against the policy of the law of this state, and is therefore void and unenforceable in this jurisdiction. The policy of the law of this state requires application of the afore-said principle not only to promissory notes payable in this state, but to all notes for which this state affords the forum for collection. The holding in the case of *Bank vs. Jeffries*, 99 W. Va. 399, in so far as it is at variance with the above points, or either of them, is disapproved. *Campen Bros. v. Stewart et al*, Sup. Ct. of Appeals, W. Va. Decided October 20, 1928.

NOTES

Held that acceptance of a note of a third person unconditionally and with the agreement that it shall be in full satisfaction of the amount due on previous notes held by the creditor, operates as payment. Nor is it essential that the old notes should be surrendered or cancelled. *Jones vs. Wetlin*, Sup. Ct. Wyo. Decided October 30, 1928.

ACCORD AND SATISFACTION

The check was received and collected, without protest or other expression of dissent, so far as appears, until about six weeks later. Plaintiff kept the money and kept it when offered in full of its claim. Held that it must therefore be regarded as taken in full. Acceptance of the check involved acceptance of the condition and the law will not permit any other inference from the transaction. There was a valid accord and satisfaction. *Hanley v. Co. Inc. vs. American Cement Co.* Sup. Ct. of Errors Conn. 1st Dist.

TRADE NAMES. UNFAIR COMPETITION

Complainant engaged for years in the hat "manufacturing business adopting the name "Merton" as the name by which their products were known. A federal trademark contained the name, Percy Merton, formerly associated with the business, organized defendant company and engaged in a rival business. Preliminary injunction, restraining defendant company from continuing the use of the name "Merton" in its corporate title, or in connection with its buying or selling; and that if defendant desires to do business under said name, that it shall cause to be stamped upon its merchandise, or advertising, or featuring the word "Merton", the words "not connected with Charles S. Merton & Co." made permanent. *Merton & Co. vs. Merton, Inc.* Ct. of Chancery, N. J. Decided October 30, 1928.

BANKS AND BANKING

Negotiable Instruments. Promissory Notes. Contracts. Conditional Sales. Whether Certain Instruments Constituted a Negotiable Promissory Note or a Contract of Conditional Sale.

Action upon a promissory note for \$450. In the lower court judgment was rendered for the plaintiff and on appeal the defendant claimed that the judgment was erroneous because the instrument sued on was not in fact a promissory note, but was a conditional bill of sale contract and that if such it was not printed in accordance with the requirements of Section 5562 (a) of the Code of Laws of the State of Virginia, and, therefore, was not admissible in evidence. The instrument contained all the elements necessary to constitute a negotiable promissory note, but in addition contained numerous other provisions stating that the title of the machine for which the note was given should not pass from the plaintiff until this note and all other notes given for the purchase price of the machine or any judgment entered therefor should be paid in full. It was provided also that if default was made in the payment of any note or if the machine was levied upon or if the purchaser attempted to sell or remove the same, the company might declare all the notes due and take possession of the machine and sell it. The maker in this instrument also agreed to pay any balance of said note or notes remaining unpaid if the net proceeds of such sale, if one were held, were applied thereon. On the back of the instrument, Garrett, the defendant in this action, endorsed the following guarantee "For value received, I hereby guarantee the payment of the within note or any renewals or extension thereof, and I hereby waive presentment, demand, notice of non-payment and diligence". As no service had been made upon Roberts, the maker of the instrument, the action was brought against defendant as guarantor.

Held, that judgment should be affirmed since the instrument constituted a negotiable promissory note. The instrument could only have been regarded by the parties as a mere promise to pay money. It is quite manifest that there was as usual in cases of this character, a conditional sales contract executed between the plaintiff and Roberts, and that the incidental conditions appendent to the note imply a reference to that contract. The sales contract was not in evidence and whether or not any of its provisions were in violation of the statute, and if so, whether such violation affected the validity of the note, are matters of speculation which need not be considered. It is quite generally held that a note of the character sued on here is in its essence solely a negotiable note and may be sued upon as such. *Garrett vs. International Motor Truck Agency, Inc.* Special Court of Appeals of Virginia.

Commerce

CONTRACTS. MINORS

Action of contract to recover price of automobile purchased from defendant by plaintiff, and paid for while he was a minor. A verdict was rendered in favor of plaintiff for the amount paid, with interest. Defendant testified that he never obtained possession of the automobile, and there was no evidence to the contrary. It is not argued that the automobile and its use came under the head of necessities.

Held that, as was said in *Gillis v. Goodwin*, 180 Mass. 140, "Whatever may be the law elsewhere . . . it is settled in this State that a minor can avoid a contract like that in this case, and is not obliged to put the other party in statu quo or allow anything for the rent and use of the property while in his possession". *Tracey vs. Brown*. Sup. Jud. Ct. Mass. Decided November 28, 1928.

* * *

SALES

Conditional Sales. Fixtures. Chattels. Application of Provision of Uniform Conditional Sales Act Covering Conditional Sales of Chattels Affixed to Realty but Severable without Material Injury to the Freehold.

In this action plaintiff claimed title to a certain light and power plant by virtue of a reservation in a conditional bill of sale. One Slaughter had been the owner of a small hotel and contracted to sell it to one Jurewicz. While in possession Jurewicz purchased a power and light plant from plaintiff on a conditional sale contract. By the terms of the agreement, title was reserved to the plaintiff until full payment should be made and it was provided that no matter in what manner the plant might be attached to the realty, it should not become a fixture or part of the realty. The agreement was never filed. Jurewicz defaulted in payments due for the light and power plant and also on his contract for the purchase of real estate. Slaughter foreclosed on the land contract and the defendant purchased the premises at the judgment sale. Defendant claimed title to the plant under the sheriff's conveyance, which purported to convey the real estate together with the personal property on the premises. Section 67 of the Personal Property Law requires the filing of a conditional sales contract covering goods affixed to realty but severable without material injury to the freehold. The Trial Term found that the case came within this section and since the contract was not filed the plaintiff's reservation of title was void as against the defendant. The Appellate Division reversed the judgment of the lower court and defendant appealed.

Held, that the judgment of the Appellate Division should be reversed and that of the Trial Term affirmed. Section 67 is designed for two purposes. First, to protect buyers of real estate upon which some types of property are attached in such manner as to render uncertain their character as realty or personalty, and secondly, to protect the conditional vendor of a fixture by permitting him to file the conditional sales contract and thus afford notice of third parties. On the facts this case clearly came within Section 67 and since a copy of the conditional sales agreement was not filed the reservation of title in the plaintiff was void as to this defendant who purchased the realty for value and without notice of plaintiff's claim. The defendant could not be foreclosed by the provision in the sales agreement that the chattel was to retain its character as personalty. *Kohler Co., Inc. vs. Brasun*. New York Court of Appeals. Decided November 20, 1928.

INSURANCE

Life. Bankruptcy. Exemption. Whether Section 55 (a) of the New York Insurance Law Creates an Exemption as to Life Insurance Policies Made Payable to a Bankrupt's Wife but in Which the Bankrupt Has Reserved the Right to Change the Beneficiary.

Appeal from an order of the District Court denying an application of the trustee in bankruptcy to review the order of the referee in bankruptcy, holding that the trustee had no interest in certain policies of insurance on the life of the bankrupt. The bankrupt had two life insurance policies payable to his wife as beneficiary, but in each he had reserved the right to change the beneficiary. The question raised in this case was whether Section 55 (a) of the New York Insurance Law created an exemption as to these policies because the Bankruptcy Act does not affect allowances or bankrupts of exemptions prescribed by State Law. Section 55 (a) provides that the beneficiaries on a policy of life insurance shall be entitled to the proceeds against the creditors and representatives of an insured bankrupt, whether or not the right to change the beneficiary is reserved by the insured bankrupt. Prior to the enactment of Section 55 (a) the trustee in bankruptcy could compel a bankrupt to deliver to the trustee a policy having a cash surrender value under Section 70 (a) of the Bankruptcy Act and that Section was applied in a case similar to this.

Held that Section 55 (a) creates a new exemption. Section 55 (a) only attempts to exempt the proceeds as far as beneficiaries may have an interest in the policy but the bankrupt cannot be compelled to change the beneficiaries and deliver up the policy to the trustee as he might have been prior to the enactment of Section 55 (a). Therefore, there is an allowance of exemption to the bankrupt to the extent of the right of the trustee to compel him to exercise the reserved power. Held, however, that there would be no exemption as against creditors of the bankrupt who became such prior to the enactment of Section 55 (a). In *Re Messinger*, U. S. Circuit Court of Appeals, 2nd Circuit. Decided November 19, 1928.

Sales

BULK SALES ACT. GARNISHMENT

Held that garnishment is uniformly favored in violation of the Bulk Sales Law. In such case the purchaser is treated as trustee of the property for the seller's creditors, and his liability in that capacity may be enforced by garnishment, although he has paid the purchase price and resold the stock. His payment of the purchase price to preferred creditors of the seller does not affect his liability to the other creditors for their *pro rata* share of the value of the property. In imposing personal liability on the vendee in a conveyance fraudulent under the Bulk Sales Law, when he has disposed of the property, the statute has created an additional remedy for the creditors without abridging their right to proceed by garnishment. *Emmons-Hawkins Hardware Co. vs. Sizemore*, Sup. Ct. of Appeals, W. Va. Decided October 30, 1928.

Banking and Banks

INSOLVENCY. PREFERENCE

Plaintiff has failed, either actually or by presumption of law, to trace any funds belonging to it into the assets of the Farmer Bank at the time of its suspension. The collection was made through the Commercial & Savings Bank of Sioux Falls,

and the money placed on deposit there to the credit of the Farmer bank. Between the time it was so placed and the date of the suspension of the Farmer Bank that bank had used up the entire amount, so that none of the credit of the Farmer bank with the Commercial & Savings of Sioux Falls at the time of the suspension represented any part of the money collected on the note and mortgage of plaintiff. Plaintiff was, therefore, not entitled to preference. *Farmers State Bk. of Ill. vs. Smith*, Sup. Ct. S. D. Decided December 4, 1928.

NEGOTIABLE PAPER

"I that school warrants, being orders up, the county treasurer to pay out of the school funds in his hands the amounts specified, although negotiable in form and transferable by delivery, are not negotiable instruments in the sense of the law merchant, and the rule relative to diligence in presentation of negotiable paper for payment does not apply to such warrants. *Dubard vs. Nevin*, Sup. Ct. Ark. Decided November 26, 1928.

WASHINGTON NOTES

These notes are supplied by George C. Shinn, Wilkins Building, Washington, D. C., representative of the National Association of Credit Men at the Capital.

Tax Decisions

The Court of Claims recently handed down a decision holding a manufacturer of toilet articles, who distributes with his product gift coupons, redeemable in jewelry, to be a dealer in jewelry, and subject to the tax upon sales provided by the Revenue Acts.

The Court held that the redemption of gift coupons does not constitute a gift, but amounts to a sale.

The General Counsel of the Bureau of Internal Revenue recently rendered an opinion concerning the liability of banks where a levy is made upon a delinquent tax-payer's bank account. The opinion holds that the liability of the bank under a levy upon a delinquent tax-payer's bank account is limited by the amount of funds on hand at the time the levy is made. If, subsequent to such levy, the funds of the tax-payer are withdrawn from the bank or reduced below the amount claimed in the levy, the bank is liable for the amount withdrawn.

The General Counsel also rendered another opinion concerning the liability of corporations on cumulative stock dividends. The following is quoted as substance of the opinion: "Preferred stock of the M Company contained a provision that a fixed yearly cumulative dividend of 7 per cent should be paid thereon and that arrears on such dividends should draw interest at the rate of 7 per cent per annum. In 1925 the company declared and paid to its stockholders a dividend amounting to 7 per cent on its preferred stock. In 1926 the directors of the company passed a resolution to the effect that the dividend declared and paid in 1925 should be designated as the 1921 dividend and that 'interest' thereon at the rate of 7 per cent per annum should be paid to the stockholders."

"It was held, that the amount paid as so-called interest was not 'interest on indebtedness' but represented an additional dividend to the stockholders and should be so treated for income tax purposes."

Another opinion given by the General

Counsel of the Bureau of Internal Revenue deals with the basis for determining gain or loss in the case of instalment notes held by a decedent's estate. The following is quoted from the opinion:

"In one case presented the decedent died in January, 1923, while in the other case the date of death was in November, 1920. It is contended, (****) that the basis of the notes to the estate or next of kin is the same as it would have been had the decedent not died and the notes had been collected by him. In view of the decision of the Court of Claims in the case of *Nichols et al. v. United States* (64 Ct. Cl. 241), in which certiorari was denied by the United States Supreme Court on April 16, 1928, and the fact that the Department is now following the decision in that case (***), I. T. 2206 and Solicitor's Memorandum 3256 must be regarded as overruled, and an individual and his estate must be treated as separate and distinct taxable entities in determining the income of the estate as distinguished from the individual's income during his lifetime."

"The basis of the instalment notes under consideration for the purpose of determining gain or loss to the estate of the decedent or to his next of kin would be the same as if the notes were ordinary tangible property or as if the notes had originally been acquired by the decedent in a transaction the entire profits from which were returned as taxable income by the decedent. (***)"

"If, in the return of the decedent's estate or in the return of any of the next of kin, the proper basis for such notes is the value of the notes at the time of the death of the decedent, that value should correspond with the value of the notes established for estate or inheritance tax purposes, in the absence of clear and convincing evidence to the contrary. If in such a case the actual value of a note at the time of the decedent's death was less than its face value, that proportion of any payment on account of the principal of the note which the excess of the face value of the note over its actual value at the time of the decedent's death bore to its face value should be reported as income when received either by the decedent's estate or by the next of kin." (***)

High School Education for Retail Store Clerks

Baltimore, through its high schools, is providing a two-year course for pupils in the art of salesmanship. The schools are assisted in the work by some of the large department stores of Baltimore, the schools furnishing the theoretical knowledge and the stores the practical experience.

The plan is working quite successfully, and may be adopted in other cities throughout the United States.

Petitions in Congress

Resolutions adopted by the Board of Directors of the Maritime Association of the Port of New York at a recent meeting were presented to the House of Representatives by Representative Cullen. The resolution calls attention to the enormous amount of pilferage and theft of merchandise on the piers and generally in the harbor of New York, and the serious and needless losses which are thereby sustained, and urges Congress to adopt amendments to the laws to cover such cases.

A petition was filed by the Bar Association of the State of New Mexico, indorsing House bill 13567, dividing the eighth judicial circuit and creating a new circuit to be designated as the tenth circuit. This petition was presented by Representative Morrow.

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Addresses Wanted

This column is read by some Credit Managers before any other feature of the magazine. Any member of the National Association of Credit Men can have names listed herein. He has only to send the names to the secretary of his local Association of Credit Men or to S. Ardron, Jr., Credit Protection Department, N. A. C. M., One Park Ave., New York. Members are requested to mention the line of business as well as the last known address.

ADAMS, G. C., represented the Bonnie-B Company of 10 W. 61st St., N. Y.
 BENNETT, WYCKOFF, Radiant Dye & Color during the year of 1920.
 BRIGGS, CASPER, Mt. Vernon.
 BROWN, C. E., No. 82 S. Quaker Lane, W. Hartford, Conn.
 BULLOCK, JOHN, formerly of the Stockmen's Dining Room, Stockyards, Denver.
 BURDGE, B. V., Goodrich Oil Co., Providence.
 CHERNIN, BENJ., 103 W. 231st St., N. Y.
 COHEN, ALEXANDER, Freeman Pharmacy, 305 Broadway, N. Y.
 COMER, J., Prop. of the Fulton Canal Garage, at Fulton & 168th St., Jamaica.
 COOLEY, S. L., Shepherdstown, W. Va.
 COOPERMAN, S., Prop. Friedman Pharmacy, 98 Rivington St., N. Y.
 DIAMOND, RUBIN, formerly of 4441-A Washington St., Roslindale, Mass. (Operated grocery and meat store.)
 DODARO, (FRANK) & FOGLIETTA, operated a fruit and produce market at 11 South 21st St., Philadelphia.
 DUNPHY, JOHN, 35 Elm Street, Schenectady.
 DWYER, GEO., Ford Place or John & Middle Sts., Bridgeport, formerly in the lunch business.
 FERGUSON, PHYLLIS (MISS), 236 Butler Ave., Providence. (Nurse.)
 FREEDMAN, PETER A., Loyola Variety Store, 1317 Loyola Ave., Chicago.
 GALVIN, J. W., Paramount Pharmacy, 610 Blue Hill Ave., Dorchester, Mass.
 GELMAN, GEORGE, formerly 1727 W. Madison St., Chicago.
 GILLETTE, P. C., 42 Main St., Branford, Conn.
 HABERMAN, M., 906 Kingshighway, B'klyn.
 HELMAN, LEON, formerly located in Seattle. Manager of the Paragon House Furnishings Co.
 HITCHCOCK, R. A., Hitchcock's Grocery Co., formerly at 4432 Piedmont Rd., R. F. D. No. 1, Ceredo, W. Va.
 INLOW, CLARA, formerly trading as the Clarisse Shoppe in Wichita, Kansas, and now located in Texas.
 K & G KNITTING MILLS, INC., Benj. Glick, Pres., Abraham Siegel, Treas. & Sec., formerly located at 32 W. 32nd St., New York City.
 KOROWITZ, LOUIS, formerly proprietor of Crystal Shop, Roselle, N. J.
 KULL, PAUL ALEX, who formerly was located at 1379 Maple Avenue, Evanston, Illinois, resided at 1003 Davis St. Had a painting and decorating office up until October of this year at the above address.
 KUNTZ, (SIDNEY) & (MICHAEL), 128 Park Avenue, Brooklyn.
 MARTYN, J. Y., Salesman, located somewhere in Texas selling pressing machines.
 McDOWELL, L. S., formerly located at 2130 E. 10th St., Indianapolis.
 MORSE DRISCOLL, HUNT & CO., INC., Taunton, Mass.
 ORCHID FRENCH COSMETIC CO., 132 W. 42nd St., New York.
 OXMAN, ANNE, formerly proprietor of Anne Shop, Roselle, N. J.
 PAPPAS, PAUL, Tulsa, Okla., and Arkansas City, Kansas.
 PETRIE, MILTON J., formerly of 9 E. Grand Ave. Last address 232 Grand River Ave., West, Detroit.
 PRESPIA, W., Belvedor Pharmacy, 2551 Cooper Ave., Ridgewood, L. I.
 RICE, HERBERT C., formerly located at 37 Chestnut St., Needham, Mass.
 RONNELL, A., N. Y. C. Last address was Baber Mushroom Inn, Scarsdale, N. Y.
 ROSE, ISAAC, Chelsea, Mass. (Believed to be an auctioneer.)
 ROTHSCHILD, J., 1901 Ridge Ave., Phila.
 SHELTON, L. H., Lubbock, Texas.
 SIMMONS DRUG CO., 1355 Government St., Baton Rouge, La.
 SNELL, MARGUERITE (MRS.), The Party Shop, 4034 B'way, N. Y.
 SPRINGER, RALPH E., Hillsdale, N. J.
 STRONG, T. E., General Mgr. Acme Drapery & Shade Co., Decatur.
 TRAGERMAN, A., 1881 Amsterdam Ave., N. Y.
 TROTTA, R., Prop. Blecker Pharmacy, 173 Blecker St., New York.
 VACHERON, HERBERT, formerly salesman with the Kelvinator Refrigerating Co., 60 Orange Street, New Haven.
 WAGNER, JOHN E., 370 W. 120th St., N. Y.
 WEBSTER, R. A., who formerly operated Webster's Soda Grill at New Kensington, Pa., and later operated a small store at Rimersburg, Pa.

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San Diego—Wholesalers Board of Trade & Credit Association, 573 Spreckles Bldg., Carl O. Retzlaff, Mgr. (ABCPRT)

San Francisco—Board of Trade of San Francisco, 444 Market St., G. W. Brainerd, Sec'y. Note: Independent Organization not controlled by but wholeheartedly endorsed by the National Association of Credit Men, and the official Bureau of the San Francisco Association of Credit Men. (ABRT)

COLORADO—Denver—Adjustment Bureau of the Rocky Mountain A. C. M., 333 Cooper Bldg., James B. McKelvey, Sec'y. (ABCPRT)

DISTRICT OF COLUMBIA—Washington—Adjustment Bureau of the Washington A. C. M., John A. Reilly, Mgr., 827 Munsey Bldg. (ABCPRT)

FLORIDA—Jacksonville—Credit Association of Northern Florida, P. O. Box 4433, W. B. Oliver, Mgr. (ABCPRT)

Miami—Adjustment Bureau of the Southeastern Credit Assn. of Florida, 27 N.W. Miami Court, F. G. Hathaway, Mgr. (ABCPRT)

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GEORGIA—Atlanta—Adjustment Bureau of the Atlanta A. C. M., 305 Chamber of Commerce Bldg., C. L. Williamson, Mgr. (ABCPRT)

Augusta—Adjustment Bureau of the Southeastern Credit Assn., 313 Southern Finance Bldg., T. C. Cross, Mgr. (ABPRT)

IDAHO—Boise—Adjustment Bureau of the Boise A. C. M., P. O. Box 588, Mrs. Elsie R. Dickson, Mgr. (ABCPRT)

ILLINOIS—Chicago—Adjustment Bureau of the Chicago A. C. M., Suite 972, 1st National Bank Bldg., 38 So. Dearborn St. (ABCPRT)

INDIANA—Evansville—Adjustment Bureau of the Evansville A. C. M., 607 Old National Bank Bldg., C. Howard Saberton, Mgr. (ABCPRT)

Indianapolis—Adjustment Bureau of the Indianapolis A. C. M., 509 Peoples Bank Bldg., Merritt Fields, Mgr. (ABCPRT)

South Bend—Adjustment Bureau of the South Bend A. C. M., 412 J. M. S. Bldg., E. J. Payton, Mgr. (ABCPRT)

IOWA—Davenport—Adjustment Bureau of the Davenport A. C. M., First National Bank Bldg., H. B. Betty, Mgr. (ABCPRT)

Des Moines—Adjustment Bureau of the Des Moines A. C. M., 813 Valley National Bank Bldg., Don E. Neiman, Mgr. (ABCPRT)

Sioux City—Adjustment Bureau of the Interstate A. C. M., 601 Trimble Bldg., J. B. Murphy, Mgr., P. A. Lucey, Asst. Mgr. (ABCPRT)

KANSAS—Wichita—Adjustment Bureau of the Wichita Association of Credit Men, 901 First National Bank Bldg., M. E. Garrison, Mgr. (ABCPRT)

KENTUCKY—Lexington—Adjustment Bureau of the Lexington Association of Credit Men, 28 Northern Bank Bldg., E. M. McGarry, Acting Mgr. (ABCPRT)

Louisville—Adjustment Bureau of the Louisville Association of Credit Men, 3rd Floor, Kenyon Bldg., S. J. Schneider, Mgr. (ABCPRT)

LOUISIANA—New Orleans—Adjustment Bureau of the New Orleans Association of Credit Men, 608 Louisiana Bldg., T. J. Bartlette, Mgr. (ABCPRT)

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MASSACHUSETTS—Boston—Adjustment Bureau of the Boston Credit Men's Association, 33 Chauncy St., J. M. Paul, Mgr. (ABCPRT)

Springfield—Adjustment Bureau of the West-

ern Mass. Assoc. of Credit Men, 616 State Bldg., H. E. Morton, Mgr. (ABCPRT)

MICHIGAN—Detroit—Adjustment Bureau of the Detroit Association of Credit Men, 1283 First National Bank Bldg., L. E. Deeley, Mgr. (ABCPRT)

Grand Rapids—Adjustment Bureau of the Grand Rapids Association of Credit Men, 450 Houseman Bldg., Edward De Groot, Mgr. (ABCPRT)

MINNESOTA—Duluth—Duluth Jobbers Credit Bureau, Inc., 501 Christie Bldg., E. G. Robie, Mgr. (ABRT)

Minneapolis—Collections and Traveling Adjuster Service; Associated Creditors, Inc., 640-44 Baker Arcade, J. L. Brown, Socy.-Treas. For Rehabilitations and Liquidations see St. Paul. (CP)

St. Paul—Rehabilitations and Liquidations. The Northwestern Jobbers Credit Bureau, 241 Endicott Bldg., W. C. Rodgers, Mgr. For Collections and Traveling Adjuster Service, see Minneapolis. (ABRT)

MISSOURI—Kansas City—Adjustment Bureau of the Kansas City Association of Credit Men, 315 Hall Bldg., C. L. Davies, Mgr. (ABCPRT)

St. Louis—Adjustment Bureau of the St. Louis Association of Credit Men, 214 N. Sixth St., Orville Livingston, Mgr. (ABCPRT)

MONTANA—Billings—Adjustment Bureau of the Montana-Wyoming Association of Credit Men, Box 1134, Meredith Davies, Mgr. (ABCPRT)

Great Falls—Adjustment Bureau of the Northern-Montana Association of Credit Men, Box 1784, Mrs. M. M. Berthelote. (ABCPRT)

NEBRASKA—Lincoln—See Omaha.

Omaha—Adjustment Bureau of the Omaha Association of Credit Men, 1123 Harney St., G. P. Horn, Mgr. (ABCPRT)

NEW JERSEY—Newark—Adjustment Bureau of the North Jersey Association of Credit Men, 17 William St., Wm. H. Whitney, Mgr. (ABCPRT)

NEW YORK—Buffalo—Western New York Adjustment Corp., 704 Erie County Bank Bldg., L. E. Chandler, Mgr. (ABCPRT)

New York City—New York Credit Men's Adjustment Bureau, Inc., 408 Fourth Ave., M. W. Clark, Mgr. (ABCPRT)

NORTH CAROLINA—Charlotte—Credit Interchange and Adjustment Bureau, Inc., of the Charlotte Association of Credit Men, 1117 Commercial Bk. Bldg., W. H. Abernethy, Jr., Mgr. (ABCPRT)

OHIO—Cincinnati—Commercial & Industrial Engineering Department of the Cincinnati Association of Credit Men, Temple Bar Bldg., J. L. Richey, Mgr. (ABCPRT)

Cleveland—Adjustment Bureau of the Cleveland Association of Credit Men, 323 Engineers Bldg., Hugh Wells, Mgr. (ABCPRT)

Columbus—Central Ohio Credit Interchange & Adjustment Bureau, 244 So. Third St., J. E. Fagan, Mgr. (ABCPRT)

Toledo—Adjustment Bureau of the Toledo Association of Credit Men, National Bldg., H. W. Voss, Mgr. (ABCPRT)

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OREGON—Portland—Adjustment Bureau of the Portland Association of Credit Men, 671 Pittcock Block, E. W. Johnson, Mgr., W. Redman, Executive Secretary. (ABCPRT)

PENNSYLVANIA—Allentown—Lehigh Valley Adjustment Bureau, 403 Hunnicker Bldg., J. H. J. Reinhard, Mgr. (ABCPRT)

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ment Bureau of The Credit Assn. of Western Pa., 632 Swank Bldg., R. H. Coleman, Dist. Mgr. (ABCPRT)

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Richmond—Richmond Credit Interchange & Adjustment Bureau, Inc., J. P. Abernethy, Mgr., 308-09 Travelers Bldg. (ABCPRT)

WASHINGTON—Seattle—Seattle Merchants Association, 314 Colman Bldg., Peter Balkema, Mgr. (ABRT)

Seattle—Collection Dept. of the Seattle A. C. M., 427 Colman Bldg., E. V. Grisvard, Mgr. (CP)

Spokane—Spokane Merchants Association, 718 Realty Bldg., J. D. Meikle, Mgr. (ABCPRT)

Tacoma—Wholesalers' Association of Tacoma, 802 Tacoma Bldg., E. B. Lung, Sec'y. (ABPRT)

WEST VIRGINIA—Clarksburg—Central W. Va. Credit & Adjustment Bureau, 410 Union Bank Bldg., U. R. Hoffman, Mgr. (ABCPRT)

Huntington—Tri-State Credit & Adjustment Bureau, 1200 First Huntington National Bank Bldg., E. V. Townshend, Mgr. (ABCPRT)

Bluefield—(Branch Office) Tri-State Credit & Adjustment Bureau, Bailey Bldg., C. B. Smith, Mgr. (ABCPRT)

Charleston—(Branch Office) Tri-State Credit & Adjustment Bureau, 400 Capital City Bk. Bldg., Lee H. Henkel, Mgr. (ABCPRT)

WISCONSIN—Milwaukee—Adjustment Bureau of the Milwaukee Association of Credit Men, 708 Mayer Bldg., Jas. G. Romer, Executive Mgr. (ABCPRT)

Green Bay—Adjustment Bureau of the Northern-Wisconsin Michigan Association of Credit Men, 123 N. Washington Street, C. W. Shekey, Mgr. (ABCPRT)

Oshkosh—Adjustment Bureau of the Central Wisconsin Association of Credit Men, 311-13 First Natl. Bank Bldg., C. D. Breen, Mgr. (ABCPRT)

THE NATIONAL INSTITUTE OF CREDIT

Presents

A NEW CURRICULUM

REVISED REQUIREMENTS

In response to the wishes of the Educational Committees of many local Associations, the National Institute of Credit has made important changes in the program of courses required for its Junior and Senior Certificates. The new requirements, which are effective immediately, are set forth in the box in the center of this page.

ORGANIZATION of CHAPTERS

One of the Association's chief objectives for the year 1928-29 is the establishment of a large number of new Chapters of the Institute. The Director of the Department of Education and Research will, by direction of the Executive Manager, spend much of his time in the field, assisting local Secretaries and Educational Committees in Chapter organization work. The Officers and Directors of the Association desire particularly to bring into the National program a number of important locals which have been conducting credit courses but which have not organized Chapters of the Institute.

REGISTRATION

In order to give each Chapter member a direct contact with the Institute and to enable the Institute to be of the greatest possible help to its students, a new system of registration will be put into operation. Special registration forms in duplicate will be furnished to the Chapters at cost. The original is to be sent to the National Office and the duplicate retained as part of the Chapter records. At the end of each course the Chapter Secretary will certify to the National Office the grades of all students completing the course. Course cards will then be issued over the signature of the Director of the Department.

DR. FRANK A. FALL
NATIONAL INSTITUTE
OF CREDIT, DEPT. 2
One Park Avenue
New York City.

Will you kindly mail me information concerning the following courses: (Check course desired)
"Basic Economics" ()
"Credits and Collections" ()

Name.....
City..... State.....
Street.....
Firm.....

CERTIFICATES

An enlarged and improved Certificate will be issued to students who qualify under the Junior and Senior programs. These will be engrossed,

suitable for framing, and will carry a seal and the signatures of the Executive Manager and the Director of the Department, as well as those of several other local or National officers of the Association. A nominal fee, sufficient to cover the cost of engraving, engrossing and mailing, will be charged for the Certificate.

JUNIOR CERTIFICATE

	Hours
Credits and Collections	30
Financial Statement Analysis	30
Business English (emphasizing Credit and Collection correspondence)	30
Economics	30
Total	120

SENIOR CERTIFICATE

Business Law	30
Merchandising	30
Public Speaking	30
Advanced Credits	30
Total	120

ASSOCIATES AND FELLOWS

Recognition of experience, in addition to educational training, will be continued. Students who have been awarded the Junior Certificate and who have had three years of practical credit experience become Associates of the National Institute of Credit. Students who have been awarded the Senior Certificate and who have had five years of practical experience become (provided they are at least 25 years of age) Fellows of the National Institute of Credit.

TEXTS

For the year 1928-29, Chapters will choose their own texts in all courses except Public Speaking,

in which the Institute will provide the text. By the fall of 1929 the Institute will, in all probability, provide its own text also in Credits and Collections. Other Institute texts will be added as rapidly as possible.

CORRESPONDENCE COURSES

The Institute now offers two correspondence courses: Credits and Collections, and Basic Economics. The material in each course consists of a text book, printed lecture assignments, and problems to be solved and sent to the Director of the Institute for correction and grading, after which they are returned to the student with grade and comments.

The text in the Credits and Collections course is the original edition of "Credits and Collections," by David E. Golieb and Richard P. Ettinger. In the Basic Economics course the text is Henry Clay's "Economics for the General Reader" (the American edition, edited by Professor Eugene E. Agger).

The courses are \$20.00 each, or \$35.00 if taken together. This is at cost. Students who wish full information concerning the correspondence courses should fill out and mail immediately the coupon at the lower left-hand corner of this page.

A BRIDGE. A main artery for three railroads and an important highway link. No other crossing within fifty miles. The White Fireman advised the installation of a pipe line with outlets at various points along the span as a protection against fire. Simple. Inexpensive. But the owners said, "Why should we go to the trouble? The bridge has been there twenty years and hasn't caught fire as yet."

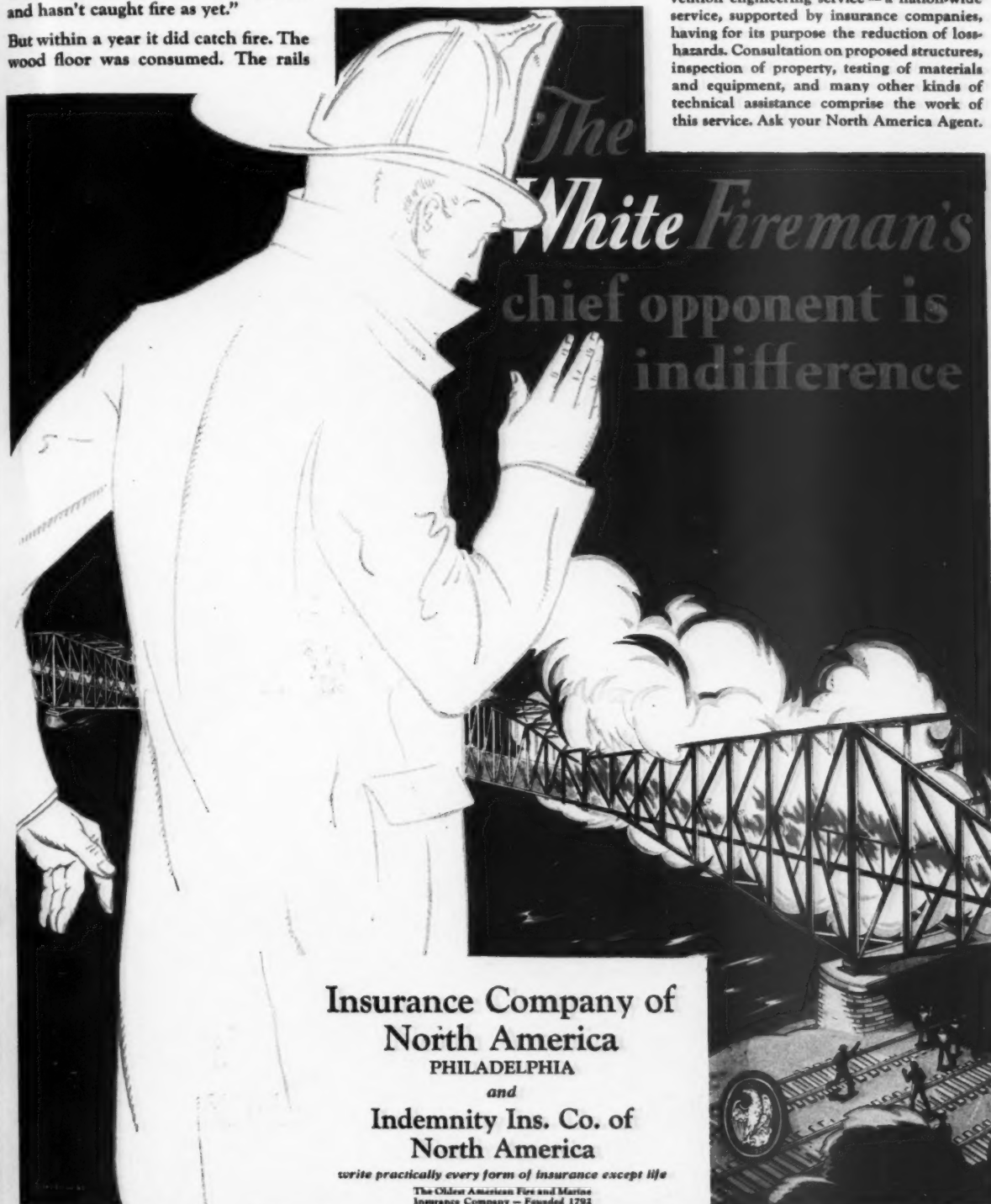
But within a year it did catch fire. The wood floor was consumed. The rails

and steel work were warped and twisted. Traffic was re-routed. Shipping was demoralized. Hundreds of thousands of dollars wasted, which a few hundred might have saved.

The White Fireman is an experienced loss-prevention engineer — a specialist in reducing fire-hazards. He has helped thousands of owners to make their

properties more fire-safe. Frequently the acceptance of his recommendations has resulted in considerable savings in insurance premiums. But where there exists an indifference to fire danger, his best efforts may be nullified.

WHO is the White Fireman? He is used in this advertising to symbolize loss-prevention engineering service — a nation-wide service, supported by insurance companies, having for its purpose the reduction of loss-hazards. Consultation on proposed structures, inspection of property, testing of materials and equipment, and many other kinds of technical assistance comprise the work of this service. Ask your North America Agent.



The
White Fireman's
chief opponent is
indifference

**Insurance Company of
North America**
PHILADELPHIA
and
**Indemnity Ins. Co. of
North America**
write practically every form of insurance except life
The Oldest American Fire and Marine
Insurance Company — Founded 1793

Property Owners may Secure Loss-prevention Service through Responsible Insurance Agents

THE Washington Monument has a significance deeper than mere beauty and sentiment. It is a memorial to the perseverance of our people and the permanence and security of the nation.

Likewise stands Insurance, a monument to the permanent security of the vast wealth dependent upon it for protection.

The Red Royal Shield on an insurance policy means *security first*.

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